

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

	Individual Quarter		Cumulative Quarter	
	30-Jun-2022	30-Jun-2021	30-Jun-2022	30-Jun-2021
	RM'000	RM'000	RM'000	RM'000
Revenue	22,818	22,265	45,856	44,372
Cost of sales	13,832	12,477	27,674	24,410
Gross profit	8,986	9,788	18,182	19,962
Other income	477	668	1,109	1,320
Administrative expenses	(4,397)	(4,471)	(8,933)	(9,099)
Distribution expenses	(1,751)	(1,550)	(3,435)	(2,982)
Operating profit	3,315	4,435	6,923	9,201
Finance costs	(205)	(237)	(415)	(475)
Profit before tax	3,110	4,198	6,508	8,726
Income tax expense	(373)	(1,056)	(1,089)	(2,342)
Profit for the financial period	2,737	3,142	5,419	6,384
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	(53)	99	(16)	185
Other comprehensive income for the financial period	2,684	3,241	5,403	6,569
Total comprehensive income for the financial period				
Profit attributable to:				
Owners of the Group	2,741	3,133	5,423	6,372
Non-controlling interests	(4)	9	(4)	12
	2,737	3,142	5,419	6,384
Total comprehensive income attributable to:				
Owners of the Group	2,688	3,232	5,407	6,557
Non-controlling interests	(4)	9	(4)	12
	2,684	3,241	5,403	6,569
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	0.83	0.95	1.65	1.94

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 2021 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-2022	31-Dec-2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,812	68,612
Right-of-use assets	941	594
Deferred tax assets	167	150
Total non-current assets	75,920	69,356
Current assets		
Inventories	33,515	29,290
Current tax assets	1,193	162
Trade and other receivables	23,449	19,835
Derivative financial assets	36	21
Short-term cash investments ⁽²⁾	31,200	34,350
Cash and bank balances	23,180	23,470
Total current assets	112,573	107,128
TOTAL ASSETS	188,493	176,484
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	103,553	103,553
Other reserves	924	940
Merger deficit	(54,067)	(54,067)
Retained earnings	85,056	80,783
	135,466	131,209
Non-controlling interests	403	407
TOTAL EQUITY	135,869	131,616
Non-current liabilities		
Loans and borrowings	11,189	13,182
Lease liabilities	353	113
Deferred income	1,602	1,987
Deferred tax liabilities	6,668	6,436
Total non-current liabilities	19,812	21,718
Current liabilities		
Loans and borrowings	15,055	10,985
Lease liabilities	527	479
Deferred income	770	770
Current tax liabilities	921	265
Trade and other payables	15,435	10,413
Contract liabilities	104	238
Total current liabilities	32,812	23,150
TOTAL LIABILITIES	52,624	44,868
TOTAL EQUITY AND LIABILITIES	188,493	176,484
Net assets per share (RM)	0.41	0.40

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 2021 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 2022

**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 2022	103,553	732	208	(54,067)	80,783	131,209	407	131,616
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	5,423	5,423	(4)	5,419
Other comprehensive income for the financial period	-	(16)	-	-	-	(16)	-	(16)
Total comprehensive income	-	(16)	-	-	5,423	5,407	(4)	5,403
Transaction with owners								
Dividends paid	-	-	-	-	(1,150)	(1,150)	-	(1,150)
At 30 June 2022	103,553	716	208	(54,067)	85,056	135,466	403	135,869
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	-	-	-	-	6,372	6,372	12	6,384
Other comprehensive income for the financial period	-	185	-	-	-	185	-	185
Appropriation to statutory reserve	-	-	5	-	(5)	-	-	-
Total comprehensive income	-	185	5	-	6,367	6,557	12	6,569
Transaction with owners								
Dividends paid	-	-	-	-	(2,956)	(2,956)	-	(2,956)
At 30 June 2021	103,553	771	213	(54,067)	76,599	127,069	380	127,449

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 2021 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW⁽¹⁾

	Cumulative Quarter	
	30-Jun-2022 RM'000	30-Jun-2021 RM'000
Cash flows from operating activities		
Profit before tax	6,508	8,726
Adjustments for:		
Depreciation of property, plant and equipment	4,255	4,192
Depreciation of right-of-use assets	319	210
Gain on disposal of property, plant and equipment	(457)	-
Property, plant and equipment written off	2	7
Government grant amortisation	(385)	(385)
Allowances for slow-moving inventories	93	233
(Reversal of)/Impairment loss on trade receivables	(15)	13
Finance costs	415	475
Interest income	(75)	(326)
Net fair value gain on derivatives	(16)	(56)
Net unrealised foreign exchange (gain)/loss	(151)	100
Gain on lease modifications	(2)	-
Operating profit before working capital changes	10,491	13,189
<u>Changes in working capital:</u>		
Inventories	(4,318)	827
Trade and other receivables	(3,332)	(5,808)
Trade and other payables	(2,918)	(343)
Contract liabilities	(134)	170
Cash generated (used in)/from operation	(211)	8,035
Tax refunded	2	-
Income tax paid	(1,252)	(792)
Interest paid	(36)	(22)
Interest received	29	19
Net cash (used in)/from operating activities	(1,468)	7,240
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,641)	(658)
Additional to right-of-use assets	(76)	-
Net changes in short-term cash investments	3,375	(267)
Proceeds from disposal of property, plant and equipment	457	-
Short-term cash investment income	46	307
Net cash from/(used in) investing activities	1,161	(618)

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

	Cumulative Quarter	
	30-Jun-2022 RM'000	30-Jun-2021 RM'000
Cash flows from financing activities		
Net drawdown/(repayment) of revolving credit	200	(300)
Net drawdown of bankers' acceptances	4,397	557
Payment of lease liabilities	(299)	(208)
Drawdown of term loans	-	2,000
Repayment of term loans	(2,736)	(3,140)
Interest paid	(379)	(453)
Dividends paid	(1,150)	(2,956)
Net cash from/(used in) financing activities	33	(4,500)
Net decrease/(increase) in cash and cash equivalent	(274)	2,122
Cash and cash equivalents at the beginning of the financial period	23,470	16,689
Effects of exchange differences on translation	(16)	181
Cash and cash equivalents at the end of the financial period	23,180	18,992

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

	Cumulative Quarter	
	30-Jun-2022 RM'000	30-Jun-2021 RM'000
Cash and bank balances	23,180	19,012
Less: Bank overdrafts	-	(20)
Cash and cash equivalents at the end of the financial period	23,180	18,992

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 2021 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 2021 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 2021, except for the adoption of the following Amendments to MFRS.

Amendments to MFRSs effective for financial periods beginning on or after 1 January 2022:-

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

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 2021.

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 2022 are as follow :

- i) Special interim dividend of 0.35 sen per share amounting to RM 1,149,712 for the financial year ended 31 December 2021 was paid on 28 March 2022.

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-2022 RM'000	30-Jun-2021 RM'000	30-Jun-2022 RM'000	30-Jun-2021 RM'000
Revenue				
Manufacturing	20,938	20,929	41,875	41,803
Trading	1,117	738	2,589	1,420
Coating	763	598	1,392	1,149
Total	22,818	22,265	45,856	44,372

A10. Property, Plant and Equipment

- (i) Acquisitions and disposals

During current year, the Group acquired assets at cost of RM 10.50 million.

There were disposals of and written off assets with carrying amount of about RM2,000 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.

- (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

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

As at 30 June 2022
RM'000

27,871

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 2021.

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	4,846
Approved but not contracted for	
• Purchase of property, plant and equipment	16,922
Total	21,768

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-2022	30-Jun-2021	RM'000	%
	RM'000	RM'000		
Revenue	22,818	22,265	553	2.5%
Profit before Taxation	3,110	4,198	(1,088)	-25.9%

The Group recorded revenue and profit before taxation (“PBT”) of approximately RM 22.82 million and RM 3.11 million respectively during the current quarter under review, representing an increase of 2.5% and decrease of 25.9% as compared to RM 22.27 million and RM 4.20 million generated in the corresponding quarter ended 30 June 2021.

B2. Comparison with Immediate Preceding Quarter

	Current Quarter	Preceding Quarter	Changes	
	30-Jun-2022	31-Mar-2022	RM'000	%
	RM'000	RM'000		
Revenue	22,818	23,038	(220)	-1.0%
Profit before Taxation	3,110	3,398	(288)	-8.5%

The Group revenue for the current quarter was RM 22.82 million, a decrease of RM 0.22 million as compared to RM 23.04 million generated during the preceding quarter. Revenue from the manufacturing segment remains at RM 20.94 million. Revenue from the trading segment decreased by RM0.36 million or 24.1% with decrease in trading sales. Revenue from the coating segment increased by RM0.13 million or 21.3% with increase in coating sales.

The Group’s reported profit before tax of RM 3.11 million for the current quarter is approximately RM 0.29 million lower as compared to profit before tax of the preceding quarter of RM 3.40 million. The decrease in PBT is primarily attributable to lower revenue derived in current quarter.

B3. Prospects for the Current Financial Year

Market sentiments remain challenging due to significant concerns over uncertainties arising from the recent geopolitical developments of the Russia-Ukraine war, US-China tensions, global inflation and China's pandemic control measures which may cause supply chain disruption and cost increases globally.

Amidst these uncertainties, the Group continues to enhance the efficiency of its production processes and improve the competitiveness of our products.

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-2022 RM'000	30-Jun-2021 RM'000	30-Jun-2022 RM'000	30-Jun-2021 RM'000
Current Income Tax	249	1,215	875	2,305
Deferred Tax	124	(159)	214	37
Total	373	1,056	1,089	2,342

The effective tax rate of the Group is 16.7% which is lower than the statutory tax rate, this is mainly due to higher 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 60 months ⁽¹⁾	34,000	10,639	31.3%
(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	18,949	

Note :

(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.

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-2022 RM'000	As at 30-Jun-2021 RM'000
Long-term Borrowings (secured)			
(i) Term Loan	MYR	10,291	12,173
	EUR	898	3,395
Sub-total		11,189	15,568
Short-term borrowings (secured)			
(i) Term Loan	MYR	1,872	1,863
	EUR	2,264	3,843
(ii) Bank Acceptance	USD	9,719	4,705
(iii) Revolving Credit	MYR	1,200	998
(iv) Bank Overdraft	MYR	-	20
Sub-total		15,055	11,429
Total borrowings		26,244	26,997

We utilise credit facilities such as overdrafts, revolving credit 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 30 June 2022, 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	1,651	36

The Group 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 RM0.02 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 first single tier dividend for the financial year ending 31 December 2022, amounting to RM 1.64 million computed based on 328,489,000 ordinary shares as at 30 June 2022 has been declared by the Board of Directors on 22 August 2022:

- (i) Amount per Share: Single tier dividend of 0.50 sen per ordinary share
- (ii) Previous corresponding period as at 30 June 2021: 0.50 sen
- (iii) Entitlement Date: 06 September 2022
- (iv) Payment Date: 26 September 2022

The total dividend declared for the current financial year ending 31 December 2022: 0.50 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-2022 RM'000	30-Jun-2021 RM'000	30-Jun-2022 RM'000	30-Jun-2021 RM'000
Profit after tax attributable to the owner of the Group (RM'000)	2,741	3,133	5,423	6,372
Weighted average number of ordinary shares in issue ('000)	328,489	328,489	328,489	328,489
Basic EPS (sen) ⁽¹⁾	0.83	0.95	1.65	1.94
Diluted EPS (sen) ⁽²⁾	0.83	0.95	1.65	1.94

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-2022	30-Jun-2021	30-Jun-2022	30-Jun-2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(35)	(162)	(75)	(326)
Other income	(196)	(330)	(396)	(677)
Gain on disposal of property, plant and equipment	(193)	-	(457)	-
Interest expense	205	237	415	475
Depreciation of property, plant and equipment	2,200	2,090	4,255	4,192
Depreciation of right-of-use assets	162	116	319	210
Allowance for slow-moving inventories	53	59	93	233
(Reversal of)/Impairment loss on trade receivables	(10)	25	(15)	13
Realised loss/(gain) on foreign exchange	69	(176)	91	(305)
Unrealised (gain)/loss on foreign exchange	(15)	72	(151)	100
Unrealised gain on derivatives	(30)	(28)	(16)	(56)

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