



## **HHRG BERHAD**

Formerly known as Heng Huat Resources Group Berhad  
Registration No. 201101041555 (969678-D)  
(Incorporated in Malaysia under the Companies Act 2016)

### **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2023 <sup>(1)</sup> RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year Period 30.06.2023 <sup>(1)</sup> RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
Revenue	28,943	47,493	28,943	47,493
Cost of sales	(20,516)	(37,268)	(20,516)	(37,268)
Gross profit	8,427	10,225	8,427	10,225
Other income	572	778	572	778
Administrative expenses	(5,635)	(4,161)	(5,635)	(4,161)
Selling and distribution expenses	(746)	(2,120)	(746)	(2,120)
Allowance for expected credit losses on trade receivables				
- Addition	(16)	(12)	(16)	(12)
- Reversal	46	34	46	34
Operating profit	2,648	4,744	2,648	4,744
Finance income	122	94	122	94
Finance costs	(470)	(363)	(470)	(363)
Profit before tax	2,300	4,475	2,300	4,475
Taxation	(894)	(490)	(894)	(490)
<b>Total comprehensive income</b>	<b>1,406</b>	<b>3,985</b>	<b>1,406</b>	<b>3,985</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of HHRG	1,512	2,309	1,512	2,309
- Non-controlling interests	(106)	1,676	(106)	1,676
	<b>1,406</b>	<b>3,985</b>	<b>1,406</b>	<b>3,985</b>
<b>Earnings per share (sen) attributable to owners of HHRG:</b>				
- Basic <sup>(2)</sup>	0.18	0.35	0.18	0.35
- Diluted <sup>(2)</sup>	0.16	0.29	0.16	0.29

Notes:

<sup>(1)</sup> The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report.

<sup>(2)</sup> Kindly refer to Note **B8** for further details.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)**

	As at 30.06.2023 <sup>(1)</sup> RM'000 (unaudited)	As at 31.03.2023 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	74,623	73,502
Investment properties	43,874	41,511
Right-of-use assets	5,577	6,238
Inventories	21,585	21,585
Intangible assets	18,922	19,206
Keyman insurance contracts	638	621
	165,219	162,663
<b>Current assets</b>		
Inventories	12,438	12,275
Trade and other receivables	26,124	26,330
Derivative financial assets	-	84
Current tax assets	106	-
Cash and cash equivalents	48,607	49,853
	87,275	88,542
<b>TOTAL ASSETS</b>	<b>252,494</b>	<b>251,205</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	152,872	140,079
Other reserves	(188)	3,224
Retained profits	24,089	22,577
	176,773	165,880
Non-controlling interests	21,432	23,390
<b>Total equity</b>	<b>198,205</b>	<b>189,270</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,571	2,195
Borrowings	26,932	28,977
Deferred tax liabilities	1,514	1,552
	30,017	32,724
<b>Current liabilities</b>		
Trade, other payables and provision	17,282	21,979
Contract liabilities	-	894
Borrowings	4,222	3,347
Lease liabilities	2,691	2,719
Derivative financial liabilities	77	106
Current tax liabilities	-	166
	24,272	29,211
<b>Total liabilities</b>	<b>54,289</b>	<b>61,935</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>252,494</b>	<b>251,205</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.23<sup>(2)</sup></b>	<b>0.23<sup>(3)</sup></b>

Notes:

- <sup>(1)</sup> The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report.
- <sup>(2)</sup> Calculated based on the Company's existing issued share capital for the financial period ended as at 30 June 2023 of 860,632,548 ordinary shares.
- <sup>(3)</sup> Calculated based on the Company's existing issued share capital for the financial year ended as at 31 March 2023 of 812,081,974 ordinary shares.

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

[----- Attributable to Owners of the Company -----]  
[----- Non-distributable -----]

	Share Capital RM'000	Reorganisation Reserve RM'000	Warrants Reserve RM'000	SIS Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 April 2023	140,079	(5,185)	2,090	6,319	22,577	165,880	23,390	189,270
Total comprehensive income for the financial period	-	-	-	-	1,512	1,512	(106)	1,406
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,852)	(1,852)
Issuance of shares pursuant to:								
- Warrant exercised	288	-	(68)	-	-	220	-	220
- SIS exercised	12,505	-	-	(3,344)	-	9,161	-	9,161
At 30 June 2023	152,872	(5,185)	2,022	2,975	24,089	176,773	21,432	198,205
At 1 April 2022	126,199	(5,185)	4,249	7,644	(4,717)	128,190	20,783	148,973
Total comprehensive income for the financial period	-	-	-	-	2,309	2,309	1,676	3,985
Issuance of shares pursuant to:	-	-	-	-	-	-	-	-
- Warrant exercised	3,434	-	(817)	-	-	2,617	-	2,617
- SIS exercised	889	-	-	(240)	-	649	-	649
Share issuance expenses	(88)	-	-	-	-	(88)	-	(88)
At 30 June 2022	130,434	(5,185)	3,432	7,404	(2,408)	133,677	22,459	156,136

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)**

	Year-to-date ended	
	30.06.2023 RM'000	30.06.2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,300	4,475
<u>Adjustments for:</u>		
Allowance for expected credit losses		
- current year	16	12
- reversal	(46)	(34)
Amortisation of intangible assets		
- customer relationship	323	323
- trademarks	7	6
Depreciation of:		
- investment properties	169	13
- property, plant and equipment	1,151	1,230
- right-of-use assets	661	492
Fair value adjustment on derivative of financial instruments	77	-
Fair value gain on keyman insurance contracts	(17)	(52)
Gain on disposal of investment properties	(25)	-
Gain on disposal of property, plant and equipment	(62)	(178)
Impairment loss on goodwill	-	51
Interest expense	470	363
Interest income	(122)	(94)
Unrealised (gain)/loss on foreign exchange	(54)	296
	<hr/>	<hr/>
Operating profit before working capital changes	4,848	6,903
Increase in inventories	(164)	(826)
Decrease/(Increase) in trade and other receivables	290	(1,022)
(Decrease)/Increase in trade, other payables and provision	(4,719)	9,623
Decrease in contract liabilities	(894)	(1,248)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(639)	13,430
Income tax paid	(1,035)	(689)
Real property gains tax paid	(131)	(58)
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	<b>(1,805)</b>	<b>12,683</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Changes in fixed deposits pledged with licensed banks	3,721	6,532
Interest received	122	94
Proceeds from disposal of property, plant and equipment	327	340
Proceeds from investment properties	331	-
Purchase of property, plant and equipment	(2,619)	(1,671)
Purchase of investment properties	(2,837)	(12,618)
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<b>Net cash used in investing activities</b>	<b>(955)</b>	<b>(7,323)</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**(UNAUDITED)**

	Year-to-date ended	
	30.06.2023 RM'000	30.06.2022 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	(1,852)	-
Interest paid	(470)	(363)
Proceeds from exercise of warrants	219	2,616
Proceeds from exercise of SIS	9,162	649
Drawdown of term loan	-	7,000
Repayment of bankers' acceptance	430	(1,316)
Repayment of term loans	(2,280)	(533)
Repayment of hire purchase	(117)	(37)
Repayment of lease liabilities	(653)	(459)
Share issuance expenses paid	-	(88)
<b>Net cash from financing activities</b>	<b>4,439</b>	<b>7,469</b>
Net (decrease)/increase in cash and cash equivalents	1,679	12,829
Cash and cash equivalents at beginning of the financial period	40,412	23,750
<b>Cash and cash equivalents at end of the financial period</b>	<b>42,091</b>	<b>36,579</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	13,323	16,734
Fixed deposits with licensed banks	19,389	12,888
Short-term money market deposit	1,050	-
Short-term investments	14,845	11,000
Cash and cash equivalents per statement of financial position	48,607	40,622
Less: Bank overdraft	(796)	(61)
Less: Fixed deposits pledged to financial institutions	(5,720)	(3,982)
	<b>42,091</b>	<b>36,579</b>

Note:

*The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report.*

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## EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

### A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Part K, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“ACE LR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2023.

### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 March 2023 as disclosed below:

#### **Adoption of Amendments to MFRSs**

##### **Effective for annual periods beginning on or after 1 January 2022**

*Amendments to MFRS 3 Business Combination - Reference to the Conceptual Framework*

*Amendments to MFRS 116 Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use*

*Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*

*Annual Improvements to MFRS Standards 2018 - 2020*

Initial application of the above amendments to MFRSs did not have any material impact to the financial statements of the Group and of the Company upon adoption.

#### **Standards Issued But Not Yet Effective**

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and the Company:

## A2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### **Standards Issued But Not Yet Effective (cont'd)**

#### **Effective for annual periods beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*

*Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Amendments to MFRS 112 Income Taxes - International Tax Reform - Pillar Two Model Rules*

#### **Effective for annual periods beginning on or after 1 January 2024**

*Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants*

*Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

#### **Effective date yet to be confirmed**

*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and the Company upon adoption.

## A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 March 2023 were not subject to any qualification.

## A4. SEASONALITY OR CYCLICALITY OF OPERATION

Save for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal/cyclical effects. Material supply for the Group's oil palm EFB fibre generally experience a decline during the Chinese New Year and Hari Raya season mainly due to businesses are closed for holidays during the festive season.

The Group typically experience higher sales of mattresses and related products prior to major festive season such as Chinese New Year and Hari Raya in tandem with the expected increase in household spending for such items during such periods.



**A5. UNUSUAL ITEMS**

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

**A6. MATERIAL CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial year that have a material impact on the current quarter and financial period under review.

**A7. DEBTS AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

**A8. DIVIDEND PAID/ DECLARED**

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review. (For Financial Year Ended *31 March 2023*: Nil)

**A9. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There were no material events subsequent to the end of current quarter and financial period under review that have not been reflected in this interim financial report or announced to the Bursa Securities.

**A10. 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.

**A11. CHANGES IN CONTINGENT LIABILITIES**

There are no material contingent liabilities as at the date of this report.

**A12. CAPITAL COMMITMENTS**

The Group's capital commitments in respect of property, plant and equipment which were not provided in the financial statements as at 30 June 2023 is as follows:

	<b>As at 30.06.2023 RM'000</b>
<b>Property, plant and equipment</b>	
Approved but not contracted for	-
Contracted but not provided for	-
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### A13. SEGMENT INFORMATION

The Group, through its subsidiaries, are principally engaged in manufacturing and trading of biomass materials, manufacturing and trading of furniture, mattresses and related products, property development and management. There is no change to the principal activities of the Group during the current quarter and financial period under review.

The Group has arrived at 3 reportable segments that are organised and managed separately according to the nature of products, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Biomass materials and related products  
Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.
- (ii) Furniture, mattresses and related products  
Manufacturing and trading of furniture, mattresses and related products.
- (iii) Property development and management  
Real property, property development, property management, property renting and trading and investment holding.

	Current quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<b><i>Segment Revenue</i></b>				
Biomass materials and related products	17,047	28,231	17,047	28,231
Furniture, mattresses and related products	13,853	21,963	13,853	21,963
Property development and management	335	16	335	16
	31,235	50,210	31,235	50,210
Elimination of intragroup transactions	(2,292)	(2,717)	(2,292)	(2,717)
<b>Revenue from external customers</b>	<b>28,943</b>	<b>47,493</b>	<b>28,943</b>	<b>47,493</b>

	Current quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<b><i>Segment Results</i></b>				
Biomass materials and related products	4,090	5,628	4,090	5,628
Furniture, mattresses and related products	(26)	1,689	(26)	1,689
Property development and management	(313)	(1,146)	(313)	(1,146)
	3,751	6,171	3,751	6,171
Unallocated corporate income and expenses (net)	477	4,672	477	4,672
Elimination of intragroup transactions and profits	(1,928)	(6,368)	(1,928)	(6,368)
<b>Profit before tax of the Group</b>	<b>2,300</b>	<b>4,475</b>	<b>2,300</b>	<b>4,475</b>

**A13. SEGMENT INFORMATION (cont'd)**

	Current quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Segment Assets</u></b>				
Biomass materials and related products	64,796	79,966	64,796	79,966
Furniture, mattresses and related products	69,960	79,797	69,960	79,797
Property development and management	75,599	53,047	75,599	53,047
	210,355	212,810	210,355	212,810
Tax assets	106	117	106	117
Unallocated assets	21,563	8,437	21,563	8,437
Elimination of intragroup balances	20,470	14,333	20,470	14,333
<b>Total assets of the Group</b>	<b>252,494</b>	<b>235,697</b>	<b>252,494</b>	<b>235,697</b>
<b><u>Segment Liabilities</u></b>				
Biomass materials and related products	16,165	35,129	16,165	35,129
Furniture, mattresses and related products	26,026	40,589	26,026	40,589
Property development and management	15,210	9,921	15,210	9,921
	57,401	85,639	57,401	85,639
Tax liabilities	1,514	1,831	1,514	1,831
Unallocated liabilities	916	3,320	916	3,320
Elimination of intragroup balances	(5,542)	(11,229)	(5,542)	(11,229)
<b>Total liabilities of the Group</b>	<b>54,289</b>	<b>79,561</b>	<b>54,289</b>	<b>79,561</b>

**A14. RELATED PARTY TRANSACTIONS**

	Current quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Purchase of coconut fibre	611	1,689	611	1,689
Purchase of furniture semi part	1,347	1,366	1,347	1,366
	<b>1,958</b>	<b>3,055</b>	<b>1,958</b>	<b>3,055</b>

The above transactions are necessary for the Group's day-to-day operations and are undertaken in the ordinary course of business. The above transactions are carried out on terms not more favourable to the related parties than those generally available to the public, which are not to the detriment of the non-controlling shareholders of the Group.

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**ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. ANALYSIS OF PERFORMANCE**

Profit and loss	Individual Quarter		Changes		Cumulative Period		Changes	
	Current 30.06.2023	Preceding 30.06.2022			Current 30.06.2023	Preceding 30.06.2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	28,943	47,493	(18,550)	(39.06)	28,943	47,493	(18,550)	(39.06)
Profit before tax	2,300	4,475	(2,175)	(48.60)	2,300	4,475	(2,175)	(48.60)
Profit after tax	1,406	3,985	(2,579)	(64.72)	1,406	3,985	(2,579)	(64.72)

**Revenue**

For the current quarter and financial period ended 30 June 2023, the Group recorded revenue of RM28.94 million, representing decrease of approximately RM18.55 million or 39.06% as compared to the revenue of RM47.49 million registered in the preceding year corresponding quarter and period.

**Current Quarter and Period Under Review**

The moderation of sales performance was primarily attributable to the following factors:

- i. Decrease in average selling prices of bio-oil product, which has reduced by approximately 42.85% as compared to the preceding year corresponding quarter and period.
- ii. Decrease in sales performance of furniture, mattresses and related products during the current quarter and financial period under review has reduced by approximately 36.93% as compared to the preceding year corresponding quarter and period.

**Profit Before Tax**

Our Group reported a profit before taxation of approximately RM2.30 million for the current quarter and financial period, representing an decrease of approximately RM2.18 million or 48.60% as compared to the profit before tax of RM4.48 million recorded in the preceding year corresponding quarter and period.

The moderation of financial performance for the current quarter and financial period under review, as compared to the preceding year corresponding quarter and period, was primarily due to lower gross profit in line with the decreased sales performance as explained above.

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**B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	<b>Current quarter ended 30.06.2023</b>	<b>Preceding quarter ended 31.03.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	2,300	10,467

Our Group recorded a profit before tax of approximately RM2.30 million for the current quarter ended 30 June 2023, as compared to a profit before tax of RM10.47 million in the preceding quarter ended 31 March 2023, was primarily due to lower gross profit in line with the decreased sales performance as explained above.

**B3. PROSPECTS**

The business environment has deteriorated due to the uncertainty in the global economic situation. The Group's biomass, furniture, and mattress sectors have experienced a decline in demand, leading to a drop in revenue. The export market for our furniture division, particularly in the United Kingdom and Japan, has softened. We anticipate a further slowdown in demand for our furniture and mattress products due to the prevailing market conditions.

The Group anticipates that the current challenging situation will persist in the foreseeable future. Measures to control costs and improve operational efficiency have been implemented. Thorough reviews of prudent cash flow management and capital expenditure have been conducted, and the Group is confident in its ability to navigate through the current challenges.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group.

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**B5. TAX EXPENSE**

	<b>Current quarter ended 30.06.2023 RM'000</b>	<b>Year-to-date ended 30.06.2023 RM'000</b>
Current tax expense	(894)	(894)
Deferred tax income	-	-
Total tax expense	<u>(894)</u>	<u>(894)</u>
Effective tax rate	<u>38.87%</u>	<u>38.87%</u>

The Group's effective tax rate for the current quarter and financial period under review stood at 38.87%. The prevailing statutory tax rate applicable to the Group is 24%.

The effective tax rate is higher than the applicable statutory tax rate of 24% as certain subsidiaries of the Group was incurred real property gains tax as a result of disposal of investment properties.

**B6. STATUS OF CORPORATE PROPOSALS**

**Proposed Change of Name of Company From “Heng Huat Resources Group Berhad” to “HHRG Berhad”: Announcement dated 20 May 2023**

On 20 May 2023, the Company announced that the Board of Directors of Company wishes to inform that the Company is proposing to change its name from “Heng Huat Resources Group Berhad” to “HHRG Berhad” (“Proposed Change of Name”).

The proposed name “HHRG Berhad” was approved by the Companies Commission of Malaysia (“CCM”) and the reservation for the use of the proposed name was extended to 17 June 2023.

The Proposed Change of Name, if approved by the shareholders, the new name will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

On 26 May 2023, The Company announced the Notice of Extraordinary Meeting “EGM”. The Proposed Change of Name is subject to the approval of the Company’s shareholders at an Extraordinary General Meeting to be convened at 24 May 2023.

On 27 May 2023, the Company announced the circular of Proposed Change of Name.

On 31 May 2023, The Company had received noticed from of registration of New Name pursuant to Section 28 of the Companies Act 2016 issued by the Companies Commission of Malaysia notifying the change of name of the Company from "Heng Huat Resources Group Berhad" to "HHRG Berhad" with effect from 29 May 2023.

Save from the above, there were no other corporate proposals announced as at date of this announcement.

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## B7. BORROWINGS

The Group's borrowings as at 30 June 2023 are as follows:

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
<b><u>Secured and guaranteed</u></b>			
Bankers' acceptance	430	-	430
Bank overdrafts	796	-	796
Hire purchase	796	1,218	2,014
Term loans	2,200	25,714	27,914
<b>Total Borrowings</b>	<b>4,222</b>	<b>26,932</b>	<b>31,154</b>

All the borrowings are denominated in Ringgit Malaysia (RM), and obtained from financial institutions based in Malaysia.

## B8. EARNINGS PER SHARE

### **Basic Earnings per Share ("BEPS")**

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and financial period under review.

	Current quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
<b>Basic earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	1,512	2,309	1,512	2,309
Weighted average number of ordinary shares in issue ('000)	843,571	654,472	843,571	654,472
BEPS (sen)	0.18	0.35	0.18	0.35

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**B8. EARNINGS PER SHARE (cont'd)**

**Diluted Earnings per Share (“DEPS”)**

The diluted earnings per share of the Group is calculated by dividing the profit for the current quarter and financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and financial period adjusted to assume conversion of all dilutive potential ordinary shares arising from the outstanding Warrants and SIS.

	Current quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
<b>Diluted earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	1,512	2,309	1,512	2,309
Weighted average number of ordinary shares in issue ('000)	843,571	654,472	843,571	654,472
Adjustment for dilutive effects of:				
- Warrants ('000)	61,327	102,992	61,327	102,992
- SIS ('000)	17,358	39,920	17,358	39,920
	<u>922,256</u>	<u>797,384</u>	<u>922,256</u>	<u>797,384</u>
DEPS (sen)	<u>0.16</u>	<u>0.29</u>	<u>0.16</u>	<u>0.29</u>

**B9. CHANGES IN MATERIAL LITIGATION**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

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## B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

Included in profit before tax comprised the following income/(expense) items:

	Current quarter ended 30.06.2023 RM'000	Year-to-date ended 30.06.2023 RM'000
Interest income	122	122
Other income including investment income	-	-
Interest expense	(470)	(470)
Depreciation expenses	(1,981)	(1,981)
Amortisation expenses	(330)	(330)
Bad debts written-off	-	-
Unrealised gain on foreign exchange	54	54
Gain on disposal of property, plant and equipment	62	62
Gain on disposal of investment properties	25	25
Fair value loss on derivative instruments	(77)	(77)
Allowance for expected credit losses:		
- Current year	(16)	(16)
- Reversal	46	46
Impairment loss on property, plant and equipment		
- Current year	-	-
- Reversal	-	-
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Provision for and write off of inventories	-	-
Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-
Equity-settled share-based payment	-	-
Exceptional items	-	-

## B11. FINANCIAL INSTRUMENTS

### *Derivatives*

The Group have entered into forward foreign currency contracts to operationally hedge forecast sales collection denominated in foreign currency that are expected to occur at various dates within the next 12 months from the end of the reporting period.

As at 30 June 2023, the Group have the following outstanding forward currency contracts:

Type of Derivatives	[----Contract/ Notional Value-----]		Fair value as at 30.06.2023
	USD'000	RM'000 equivalent	RM'000
Forward Foreign Currency Contracts			
- Less than 1 year	1,161	5,337	5,414
	1,161	5,337	5,414

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**B11. FINANCIAL INSTRUMENTS (cont'd)**

The fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

The difference between the forward rates entered into, and the market rates, is recognised as derivatives liability or asset as applicable with a corresponding amount reported in the profit or loss.

There is no change to the policies in relation to the derivatives since the last financial year ended 31 March 2023 in respect of the followings:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives;  
and
- (iv) the related accounting policies.

***Gains/(Losses) arising from Fair Value Changes of Financial Liabilities***

The Group recorded net fair value loss of approximately RM77,000 during the financial period under review, as a result of reversal of derivative asset associated with forward foreign currency contracts which lapsed during the current quarter under review and after offsetting fair value changes of the forward foreign currency contracts entered into by the Group and outstanding as at 30 June 2023.