



## **HHRG BERHAD**

Registration No. 201101041555 (969678-D)  
(Incorporated in Malaysia under the Companies Act 2016)

### **INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2024**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2024 <sup>(1)</sup> RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year Period 31.12.2024 <sup>(1)</sup> RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Revenue	32,979	36,271	95,511	94,881
Cost of sales	(23,295)	(25,273)	(68,448)	(66,695)
Gross profit	9,684	10,998	27,063	28,186
Other income	4,217	283	8,868	1,488
Administrative expenses*	(9,886)	(6,546)	(19,797)	(16,230)
Selling and distribution expenses	(736)	(849)	(2,322)	(2,390)
Allowance for expected credit losses on trade receivables				
- Addition	-	(38)	-	(58)
- Reversal	-	17	-	64
Operating profit	3,279	3,865	13,812	11,060
Finance income	75	192	391	473
Finance costs	(343)	(444)	(1,350)	(1,346)
Profit before tax	3,011	3,613	12,853	10,187
Taxation	(484)	(1,197)	(2,065)	(2,686)
<b>Total comprehensive income</b>	<b>2,527</b>	<b>2,416</b>	<b>10,788</b>	<b>7,501</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of HHRG	2,660	1,854	10,722	6,833
- Non-controlling interests	(133)	562	66	668
	<b>2,527</b>	<b>2,416</b>	<b>10,788</b>	<b>7,501</b>
<b>Earnings per share (sen) attributable to owners of HHRG:</b>				
- Basic <sup>(2)</sup>	0.28	0.21	1.16	0.80
- Diluted <sup>(2)</sup>	0.27	0.20	1.11	0.74

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 2024 and the accompanying explanatory notes attached to this interim financial report.

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

\* Including RM3.96 million which was derived from an expense incurred for recognized fair value losses (equity-settled share-based payment transactions) resulting from the issuance of additional SIS shares as an one-off, non-recurring transaction to reward employees.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31.12.2024 <sup>(1)</sup> RM'000 (unaudited)	As at 31.03.2024 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	136,457	71,887
Investment properties	20,690	27,249
Right-of-use assets	7,038	3,638
Inventories	26,083	26,083
Intangible assets	17,091	18,084
Deferred tax asset	954	954
Keyman insurance contracts	649	449
	208,962	148,344
<b>Current Assets</b>		
Inventories	10,754	12,364
Trade and other receivables	52,267	43,788
Asset held for sales	-	8,676
Keyman insurance contracts	-	207
Current tax assets	1,454	1,550
Other investment	8,712	24,108
Cash and cash equivalents	22,052	28,349
	95,239	119,042
<b>TOTAL ASSETS</b>	<b>304,201</b>	<b>267,386</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	166,244	153,776
Other reserves	1,602	(407)
Retained profits	42,289	29,664
	210,135	183,033
Non-controlling interests	22,981	22,307
<b>Total Equity</b>	<b>233,116</b>	<b>205,340</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	2,951	299
Borrowings	12,695	21,216
Deferred tax liabilities	1,855	1,863
	17,501	23,378
<b>Current Liabilities</b>		
Trade, other payables and provision	39,649	23,973
Contract liabilities	-	1,594
Borrowings	11,097	11,085
Lease liabilities	2,838	2,016
	53,584	38,668
<b>Total Liabilities</b>	<b>71,085</b>	<b>62,046</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>304,201</b>	<b>267,386</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.24<sup>(2)</sup></b>	<b>0.24<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 2024 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 31 December 2024 of 956,155,259 ordinary shares
- <sup>(3)</sup> Calculated based on the Company's existing issued share capital for the financial year ended as at 31 March 2024 of 867,835,759 ordinary shares.

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

[----- 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 2024	153,776	(5,185)	1,864	2,914	29,664	183,033	22,307	205,340
Acquisition of subsidiaries							608	608
Total comprehensive income for the financial period	-	-	-	-	10,722	10,722	66	10,788
SIS lapsed	-	-	-	(1,903)	1,903	-	-	-
Issuance of shares pursuant to:								
- Private placement	12,295	-	-	-	-	12,295	-	12,295
- Warrant exercised	137	-	(33)	-	-	104	-	104
- SIS exercised	36	-	-	(15)	-	21	-	21
Share issue expenses	-	-	-	3,960	-	3,960	-	3,960
At 31 December 2024	166,244	(5,185)	1,831	4,956	42,289	210,135	22,981	233,116
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	-	-	-	-	7,087	7,087	769	7,856
Issuance of shares pursuant to:								
- Warrant exercised	949	-	(226)	-	-	723	-	723
- SIS exercised	12,748	-	-	(3,405)	-	9,343	-	9,343
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,852)	(1,852)
At 31 March 2024	153,776	(5,185)	1,864	2,914	29,664	183,033	22,307	205,340

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 2024 and the accompanying explanatory notes attached to this interim financial report.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year-to-date ended	
	31.12.2024	31.12.2023
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,853	10,187
<u>Adjustments for:</u>		
Allowance for expected credit losses		
- current year	-	58
- reversal	-	(64)
Amortisation of intangible assets		
- customer relationship	968	968
- trademarks	25	25
Depreciation of:		
- investment properties	217	484
- property, plant and equipment	4,319	3,572
- right-of-use assets	1,597	1,868
Fair value adjustment on derivative of financial instruments	(12)	-
Fair value loss/(gain) on keyman insurance contracts	6	(5)
(Gain)/loss on disposal of investment properties	(4,306)	108
Gain on disposal of property, plant and equipment	(298)	(100)
Property, plant and equipment written off	-	257
Loss on modification	-	760
Interest expense	1,350	1,346
Interest income	(391)	(473)
Unrealised loss/(gain) on foreign exchange	(341)	88
Operating profit before working capital changes	15,987	19,089
Inventories	1,611	64
Receivables	(8,138)	(2,171)
Payables	18,112	(1,645)
Contract liabilities	(1,594)	(894)
Cash (used in) operations	25,978	14,443
Income tax paid	(1,921)	(3,494)
Real property gains tax paid	(162)	(206)
<b>Net cash (used in) operating activities</b>	<b>23,895</b>	<b>10,743</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Changes in fixed deposits pledged with licensed banks	759	3,188
Interest received	391	473
Proceeds from disposal of property, plant and equipment	1,027	681
Proceeds from investment properties	14,429	7,631
Proceeds from written off property, plant and equipment	-	(302)
Subscription for shares in subsidiary in investing activities	(40,130)	(4,630)
Development cost	-	634
Purchase of property, plant and equipment	(32,974)	(5,642)
Purchase of investment properties	-	(3,031)
Changes in other investment	15,396	-
<b>Net cash used in investing activities</b>	<b>(41,102)</b>	<b>(998)</b>

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

	Year-to-date ended	
	31.12.2024	31.12.2023
	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	-	(1,852)
Interest paid	(1,350)	(1,346)
Proceeds from exercise of warrants	104	560
Proceeds from exercise of SIS	21	9,343
Proceeds from exercise of ordinary shares	12,495	-
Repayment of bankers' acceptance	280	-
Repayment of term loans	(2,008)	(3,930)
Repayment of hire purchase	(798)	(456)
Repayment of lease liabilities	(1,523)	(2,676)
Share issuance expenses paid	3,960	-
<b>Net cash from financing activities</b>	<b>11,181</b>	<b>(357)</b>
Net (decrease)/increase in cash and cash equivalents	(6,026)	9,388
Cash and cash equivalents at beginning of the financial period	13,698	40,412
<b>Cash and cash equivalents at end of the financial period</b>	<b>7,672</b>	<b>49,800</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,416	22,664
Fixed deposits with licensed banks	8,924	13,745
Short-term money market deposit	-	29,195
Short-term investment	8,712	-
Cash and cash equivalents per statement of financial position	22,052	65,604
Less: Bank overdraft	(9,644)	(9,551)
Less: Fixed deposits pledged to financial institutions	(4,736)	(6,253)
	<b>7,672</b>	<b>49,800</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 2024 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 in accordance with the applicable Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia 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 are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies.

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2024 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 2024.

**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 annual financial statements for the financial year ended 31 March 2024 as disclosed below:

**Adoption of Amendments to MFRSs**

**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*

Initial application of the above new standards or amendments to MFRSs is not expected to have any material impact to the financial statements upon adoption, save and except for Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies. The amendments change the requirements in MFRS 101 with regards to the disclosure of accounting policies. The amendments replace all instances of the term ‘significant’ with ‘material’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that the accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board (“MASB”) has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in MFRS Practice Statement 2.

The amendments have had an impact on the Group’s and the Company’s disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

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

The following are accounting standards that have been issued by the MASB but are yet to be effective for the Group and the Company:

##### **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 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*

##### **Effective for annual periods beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

##### **Effective for annual periods beginning on or after 1 January 2027**

*MFRS 18 Presentation and Disclosure in Financial Statements*

##### **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 new standard or amendments to MFRSs is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption, save and except for MFRS 18 Presentation and Disclosure in Financial Statements.

MFRS 18 introduces new requirements on presentation within the statements of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to MFRS 107 Statement of Cash Flows and MFRS 134 Interim Financial Reporting.

The amendments will have an impact on the Group’s and on the Company’s presentation of statements of comprehensive income, statements of cash flows and additional disclosures in the notes to the financial statements but not on the measurement or recognition of any items in the Group’s and the Company’s financial statements.

The Group is currently assessing the impact of MFRS 18 and plans to adopt the new standard on the required effective date.



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

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2024.

**A4. SEASONALITY OR CYCLICALITY OF OPERATION**

Save and except for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal or cyclical effects. The material supply for the Group's oil palm EFB fibre generally experienced a decline during the Chinese New Year and Hari Raya season mainly due to the closure of businesses during the festive seasons.

The Group experienced higher sales of mattresses and related products prior to major festive seasons 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 was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative quarter under review.

**A6. MATERIAL CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in prior financial year that have a material impact on the current quarter and cumulative quarter under review.

**A7. DEBTS AND EQUITY SECURITIES**

**Proposed Fund Raising: Announcement dated 23 April 2024**

On 23 April 2024, on behalf Board of Directors of the HHRG Berhad ("Company" or "HHRG"), TA Securities Holdings Berhad ("TA Securities") announced that the Company proposes to undertake a private placement of up to 10% of the number of issued shares in the Company (excluding any treasury shares) pursuant to the general mandate obtained from the Company's shareholders ("Proposed Private Placement").

On behalf of the Board of Directors of the Company, TA Securities announced that Bursa Securities has, vide its letter dated 8 May 2024, approved the listing and quotation of up to 98,031,400 ordinary shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- i. HHRG and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- ii. HHRG and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
- iii. HHRG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and

- 
- iv. HHRG to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, in the event the current General Mandate expires prior to the completion of the Proposed Private Placement.

On 16 July 2024, on behalf of the Board of Directors, TA Securities announced that 38,522,700 shares were allotted and issued pursuant to the 1st tranche of the Proposed Private Placement that was announced on 11 July 2024.

On 19 July 2024, on behalf of the Board of Directors, TA Securities announced that 13,300,000 shares were allotted and issued pursuant to the Proposed Private Placement that was announced on 11 July 2024.

On 24 July 2024, on behalf of the Board of Directors, TA Securities announced that 35,000,000 shares were allotted and issued pursuant to the Proposed Private Placement that was announced on 18 July 2024 and marked the completion of the Proposed Private Placement.

**Proposed Additional Reallotment: Announcement dated 6 November 2024**

On 6 November 2024, the Company announced that the offer of options has been made to the eligible employees of the Company and its subsidiaries to subscribe 202,100,000 units of new ordinary shares in the Company under the Company's Share Issuance Scheme ("SIS").

Save and except for the above, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and cumulative quarter under review.

**A8. DIVIDEND PAID OR DECLARED**

No dividend has been paid during the current quarter and cumulative quarter under review.

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

There was no material event subsequent to the end of current quarter and cumulative quarter 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**

On 18 April 2024, HHRG acquired 51% stake in PKB Open Road (SP Circuit) Sdn. Bhd. and ORIC Development (SP) Sdn. Bhd. which jointly own 150 acres of land in Sungai Petani. The intention of this acquisition is for future land development.

On 13 August 2024, HHRG had incorporated a wholly-owned subsidiary company, namely Open Sea (Langkawi) Sdn. Bhd. ("OSL") as a private limited company under the Companies Act, 2016. OSL is principally an investment holdings company.

On 25 October 2024, HH Land and Development Sdn. Bhd. had entered into a share sales agreement for the disposal of 51% stake of subsidiary of KNG Resource Enterprise Sdn. Bhd. The transaction has been completed.

On 23 January 2025, HHRG had incorporated a wholly-owned subsidiary company, namely Open Road Prestige Auto Sdn. Bhd. ("ORPA"). ORPA was incorporated in Malaysia as a private limited company under the Companies Act, 2016. ORPA is principally involved in wholesale and retail of new, used and other motor vehicles not elsewhere classified.

Save and except for the above, there was no change in the composition of the Group during the current quarter and cumulative quarter under review.

#### A11. CHANGES IN CONTINGENT LIABILITIES

There is no material contingent liability as at the date of this report.

#### A12. CAPITAL COMMITMENTS

There is no material capital commitment as at the date of this report.

#### A13. SEGMENT INFORMATION

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

The Group has arrived at four (4) reportable divisions 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 divisions are summarised as follows:

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

	Current quarter ended		Cumulative quarter ended	
	31.12.24	31.12.23	31.12.24	31.12.23
	RM'000	RM'000	RM'000	RM'000
<b><u>Segment Revenue</u></b>				
Biomass materials and related products	21,200	19,657	58,483	55,483
Furniture, mattresses and related products	13,160	18,725	40,792	45,908
Credit business	899	-	2,291	-
Property development and management	(348)	408	1,666	1,082
	34,911	38,790	103,232	102,473
Elimination of intragroup transactions	(1,932)	(2,519)	(7,721)	(7,592)
<b>Revenue from external customers</b>	<b>32,979</b>	<b>36,271</b>	<b>95,511</b>	<b>94,881</b>

**Segment Results**

Biomass materials and related products	6,961	3,776	15,557	12,798
Furniture, mattresses, and related products	639	1,052	1,395	1,472
Credit business	156	-	631	-
Property development and management	843	(243)	5,121	(690)
	8,599	4,585	22,704	13,580
Unallocated corporate income and expenses (net)	3,990	1,028	4,827	7,535
Elimination of intragroup transactions and profits	(9,578)	(2,000)	(14,678)	(10,928)
<b>Profit before tax of the Group</b>	<b>3,011</b>	<b>3,613</b>	<b>12,853</b>	<b>10,187</b>

Current quarter ended		Cumulative quarter ended	
31.12.24	31.12.23	31.12.24	31.12.23
RM'000	RM'000	RM'000	RM'000

**Segment Assets**

Biomass materials and related products	77,960	68,813	77,960	68,813
Furniture, mattresses, and related products	72,115	74,670	72,115	74,670
Credit business	33,445	-	33,445	-
Property development and management	100,901	82,332	100,901	82,332
	284,421	225,815	284,421	225,815
Tax assets	1,454	846	1,454	846
Unallocated assets	46,688	37,726	46,688	37,726
Elimination of intragroup balances	(28,362)	2,080	(28,362)	2,080
<b>Total assets of the Group</b>	<b>304,201</b>	<b>266,467</b>	<b>304,201</b>	<b>266,467</b>

**Segment Liabilities**

Biomass materials and related products	27,479	19,707	27,479	19,707
Furniture, mattresses and related products	26,224	29,714	26,224	29,714
Credit business	32,566	-	32,566	-
Property development and management	45,290	22,849	45,290	22,849
	131,559	72,270	131,559	72,270
Tax liabilities	1,855	1,514	1,855	1,514
Unallocated liabilities	32,225	9,642	32,225	9,642
Elimination of intragroup balances	(94,554)	(21,781)	(94,554)	(21,781)
<b>Total liabilities of the Group</b>	<b>71,085</b>	<b>61,645</b>	<b>71,085</b>	<b>61,645</b>

**14. RELATED PARTY TRANSACTIONS**

	Current quarter ended		Cumulative quarter ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Purchase of coconut fibre	-	466	953	1,854
Purchase of furniture semi part	-	1,162	2,888	4,514
	<b>-</b>	<b>1,628</b>	<b>3,841</b>	<b>6,368</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.

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

**B1. ANALYSIS OF PERFORMANCE**

Profit and loss	Individual Quarter		Changes		Cumulative Quarter		Changes	
	Current 31.12.24 RM'000	Preceding 31.12.23 RM'000	RM'000	%	Current 31.12.24 RM'000	Preceding 31.12.23 RM'000	RM'000	%
Revenue	32,979	36,271	(3,292)	(9.08)	95,511	94,881	630	0.66
Profit before tax	3,011	3,613	(602)	(16.66)	12,853	10,187	2,666	26.17
Profit after tax	2,527	2,416	111	4.59	10,788	7,501	3,287	43.82

**Revenue**

For the current quarter and the cumulative quarter under review, the Group recorded revenue of RM32.98 million and RM95.51 million, respectively. This represents a decrease of RM3.29 million or 9.08% for the quarter and an increase of RM0.63 million or 0.66% for the cumulative quarter, compared to the corresponding quarter and cumulative quarter of the preceding year.

The decline in sales performance was primarily attributed to the decline in sales demand of Furniture Division, where total sales demand from export market during the current quarter and cumulative quarter under review has reduced by approximately 29.72% and 11.14% respectively as compared to the corresponding quarter and cumulative quarter of the preceding year. The decline may be attributed to market conditions influenced by factors such as inflation, red sea crisis that resulted in the disruptions of critical shipping routes and market slowdown.

However, the decline in sales performance was partially offset by the Biomass Division which recorded an increase in its average selling price during the current quarter and the cumulative quarter under review. The average selling price rose by approximately 29.80% and 15.33% respectively, compared to the corresponding quarter and cumulative quarter of the preceding year.

**Profit Before Tax**

The Group reported a profit before tax of approximately RM3.01 million for the current quarter under review, reflecting a decrease of RM0.62 million or 16.66% compared to the corresponding quarter of the preceding year. For the cumulative quarter under review, the Group recorded a profit before tax of approximately RM12.85 million, representing an increase of RM2.67 million or 26.17% compared to the corresponding cumulative quarter of the preceding year.

Other income for the current quarter and cumulative quarter under review increased by approximately 1,390.11% and 495.97%, respectively, compared to the corresponding quarter and cumulative quarter of the preceding year. This significant increase was primarily due to:

- Gain on disposal of investment properties; and
- Grant obtained for the expansion of biomass materials and related products.

Administrative expenses for the current quarter and cumulative quarter under review also increased by approximately 51.02% and 21.98%, respectively, compared to the corresponding quarter and cumulative quarter of the preceding year. This was primarily due to higher professional fees related to legal cases and an expense of RM3.96 million incurred for recognized fair value losses (equity-settled share-based payment transactions) resulting from the issuance of additional SIS shares as a one-off, non-recurring transaction to reward employees.

### **Profit After Tax**

The Group reported a profit after tax of approximately RM2.53 million and RM10.79 million respectively for the current quarter and cumulative quarter under review, representing an increase of approximately RM0.11 million or 4.59% and RM3.29 million or 43.82% respectively as compare to the corresponding quarter and cumulative quarter of the preceding year.

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

	<b>Current quarter ended 31.12.2024 RM'000</b>	<b>Preceding quarter ended 30.09.2024 RM'000</b>
Profit before taxation	3,011	2,506

The Group recorded a profit before tax of approximately RM3.01 million for the financial quarter under review, an increase of approximately RM0.51 million or 20.15% as compared to the preceding quarter ended 30 September 2024. Had it not due to an impairment loss on SIS amounting to RM3.96 million which was also partially negated by a grant obtained for the expansion of biomass materials and related products, the Group would have reported a profit before tax of RM4.97 million.

## **B3. PROSPECTS**

The Group's business operations environment remains challenging. While the momentary uptick of crude palm oil ("CPO") prices has positively improved the profit margin our Biomass Division, our mattresses business is facing headwind due to weaker market demand and underperforming sale channels. Additionally, rising logistic and transportation costs due to the ongoing Russian-Ukrainian conflict have negatively impacted our main export market of United Kingdom for our Furniture Division.

Plan is afoot to rationalize the operation in our mattresses business (under Furniture Division) to address its deteriorating financial results.

In view of the foregoing, the Company has embarked on diversifying its business into property development by acquiring approximately 202.60 acres of land for future development opportunity in industrial, dormitory, sports and recreational development. We are committed to delivering high-quality properties with innovative designs and recreational development, while providing exceptional management services to meet the evolving needs of our customers.

The Board is proactively monitoring market trends and ensuring timely actions are taken to address evolving market condition and trend. In addition, the Board will continually explore and pursue strategic business opportunities to broaden the Group's revenue streams.

Save and except for any unforeseen circumstances, the Group optimistically envision a better current financial year.

## **B4. PROFIT FORECAST OR PROFIT GUARANTEE**

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

## B5. TAX EXPENSE

	Current quarter ended 31.12.2024 RM'000	Cumulative quarter ended 31.12.2024 RM'000
Current tax expense	(484)	(2,065)
Deferred tax income	-	-
Total tax expense	(484)	(2,065)
Effective tax rate	16.07%	16.07%

The Group's effective tax rate for the current quarter and cumulative quarter under review stood at 16.07% respectively. The prevailing statutory tax rate applicable to the Group is 24%.

The effective tax rate is lower than the applicable statutory tax rate of 24% as one of the subsidiaries of the Group have received a one-off tax refund for real property gain tax as result of disposal of investment properties.

## B6. STATUS OF CORPORATE PROPOSALS

### Proposed Fund Raising: Announcement dated 24 July 2024

On 24 July 2024, the Company announced that the Proposed Private Placement has been completed, where a total of 86,822,700 new shares were placed out. Total gross proceeds raised amounted to RM12,396,792. The status of utilization of the proceeds as per reporting date is as follows:

Purpose	Intended Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation as at 03 February 2025 RM'000	Balance of Proceeds RM'000
Working capital for subsidiaries	Within 12 months	12,285	12,285	-
Estimated expenses for the Proposed Private Placement	Immediately	112	112	-
<b>Total</b>		<b>12,397</b>	<b>12,397</b>	<b>-</b>

Save and except for the above, there was no other corporate proposal announced as at date of this announcement.

## B7. BORROWINGS

The Group's borrowings as at 31 December 2024 are as follows:

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
<u><b>Secured and guaranteed</b></u>			
Bankers' acceptance	280	-	280
Bank overdrafts	9,644	-	9,644
Hire purchase	309	420	729
Term loans	864	12,275	13,139
<b>Total Borrowings</b>	<b>11,097</b>	<b>12,695</b>	<b>23,792</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 shareholders 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		Cumulative quarter ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<b>Basic earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	2,660	1,854	10,722	6,833
Weighted average number of ordinary shares in issue ('000)	955,986	865,799	923,167	857,146
BEPS (sen)	0.28	0.21	1.16	0.80

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

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

	Current quarter ended		Cumulative quarter ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<b>Diluted earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	2,660	1,854	10,722	6,833
Weighted average number of ordinary shares in issue ('000)	955,986	865,799	923,167	857,146
Adjustment for dilutive effects of:				
- Warrants ('000)	27,920	57,029	38,836	56,482
- SIS ('000)	<sup>(1)</sup>	15,649	<sup>(1)</sup>	14,933
	983,906	938,477	962,003	928,561
DEPS (sen)	0.27	0.20	1.11	0.74

#### Notes:

<sup>(1)</sup> The issued SIS were anti-dilutive as the exercise price was higher than the prevailing mother share price.



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**B9. CHANGES IN MATERIAL LITIGATION**

**Writ of summons and statement of claim received from Ooi Chieng Sim and Skylitech Resources Sdn. Bhd. Penang High Court Civil Suit no. PA-22ncvc-58-04/2024 (“Suit 58”)**

On 14 November 2024, the Board of Directors announced that the two striking-out applications that made by the Company (3rd Defendant) and its three (3) subsidiaries (4th, 5th and 6th Defendant) have been dismissed by the High Court on 7 November 2024 with a cost of RM5,000.00 each to be paid by the Company and its three (3) subsidiaries.

The case has been fixed for case management on 17 March 2025.

**Writ of summons and statement of claim received from Ch’ng Chen Mong, Tan Poh Cheng, Ch’ng Boon Sin and Cfamily Holdings Sdn. Bhd. Penang High Court Civil Suit no. PA-22NCvC-111-07/2024 (“Suit 111”)**

On 19 November 2024, the Board of Directors announced the following updates in relation to the above:

1. Dismissed the Plaintiffs’ inter partes application (Encl. 3) for among others:
  - i. An interlocutory injunction to prohibit the Company and the 7<sup>th</sup> to 11<sup>th</sup> Defendants (including their representatives, agents, employees and/or solicitors) from interfering with, changing and/or altering in any manner whatsoever the status quo of MG Furniture Sdn. Bhd. and/or MG Furniture Innovation Sdn Bhd, including bank signatories, management, operation and/or business, pending the disposal of the action; and
  - ii. An interlocutory injunction to prohibit the Company (including their representatives, agents, employees and/or solicitors) from disposing, transferring, selling, assigning, charging, diluting and/or reducing in any manner whatsoever its 1,020,000 ordinary shares in MG Furniture Sdn. Bhd., pending disposal of the action.
2. Allowed the Company’s application to set aside the Ex-Parte Order dated 26 July 2024 and ordered damages pursuant to the Plaintiffs’ undertaking to be assessed (Encl. 34);
3. Dismissed the Plaintiffs’ application to strike out, or alternatively, stay MG Furniture Sdn Bhd’s Defence and Counterclaim (Encl. 69); and
4. Ordered the Plaintiffs to pay costs of RM20,000 for Encls. 3 and 34 and RM10,000 for Encl. 69.

The Plaintiffs through counsel indicated they will be appealing against the decision and moved the High Court for an Erinford injunction in terms of Encl. 3 pending appeal. The High Court heard and dismissed the application as well.

The High Court’s decision will not have any financial impact on the Company.

On 6 February 2025, the Board of Directors announced the following updates in relation to the above:

1. The High Court has on 5 February 2025 allowed the Originating Summons No.: PA-24NCC-33-09/2024 and ordered, among others, all records of MGF be open to inspection by the Plaintiffs and a company approved auditor acting for the Plaintiffs. The 2nd to 4th Defendants were ordered to pay costs of RM10,000.00 to the Plaintiffs; and

2. The High Court has issued pre-trial directions for parties to exchange documents and agree on common bundles of documents for purposes of trial. This follows the High Court's finding that there are issues that require determination at trial. The parties are coordinating through their solicitors to fix common dates to set the matter down for trial.

## B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

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

	Current quarter ended 31.12.2024 RM'000	Cumulative Quarter ended 31.12.2024 RM'000
Interest income	75	391
Other income including investment income	142	419
Interest expense	(343)	(1,350)
Depreciation expenses	(1,990)	(6,050)
Amortisation expenses	(331)	(993)
Unrealised gain/(loss) on foreign exchange	524	341
Gain on disposal of property, plant and equipment	161	298
Gain on disposal of investment properties	470	4,306
Fair value gain on derivative instruments	12	-
Allowance for expected credit losses:		
- Current year	-	-
- Reversal	-	-
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*

There were no outstanding derivatives financial instruments entered into by the Group during the current quarter and cumulative quarter under review.

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