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

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 JUNE 2026

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2026 (1) RM'000	**Preceding Year Corresponding Quarter 30.06.2025 RM'000**	**Current Year Period 30.06.2026 (1) RM'000**	**Preceding Year Corresponding Period 30.06.2025 RM'000**
Revenue	23,301	30,401	70,762	91,222
Cost of sales	(17,597)	(22,087)	(51,836)	(67,425)
Gross profit	5,704	8,314	18,926	23,797
Other income	972	557	1,212	6,130
Administrative expenses	(5,316)	(5,607)	(16,108)	(22,704)
Loss on disposal of unquoted investment	-	-	(7,700) (3)	-
Selling and distribution expenses	(182)	(687)	(1,037)	(2,413)
Allowance for expected credit losses on trade receivables	-	-	-	-
Loss (Profit) from operations	1,178	2,577	(4,707)	4,810
Finance costs	(263)	(508)	(818)	(1,415)
(Loss) Profit before tax	915	2,069	(5,525)	3,395
Taxation	(333)	(494)	(1,462)	(1,452)
Total comprehensive (loss) income	**582**	**1,575**	**(6,987)**	**1,943**
Total comprehensive loss (income) attributable to:				
- Owners of HHRG	643	1,726	(5,915)	2,236
- Non-controlling interests	(61)	(151)	(1,072)	(293)
	582	**1,575**	**(6,987)**	**1,943**
(Loss) Earnings per share (sen) attributable to owners of HHRG:				
- Basic (2)	0.06	0.17	(0.52)	0.24
- Diluted (2)	0.04	0.17	(0.42)	0.23

Notes:

(1) *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 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Kindly refer to **Note B8** for further details.*

(3) *The one-off loss of approximately RM7.7 million arising from the disposal of the 100% equity interest in Fibre Star (M) Sdn Bhd "FSM", a subsidiary involved in mattress manufacturing operation under the furniture division, during the second quarter.*

The disposal was undertaken as part of the Group's strategic rationalisation exercise after taking into due consideration that FSM had been operating in a loss-making position in the past 3 years, which had adversely affected the overall financial performance of the Group. The loss of RM7.7 million is because of the huge capital contribution from the Company into FSM in the past to operate and sustain the business of FSM.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 30.06.2026 [1] RM'000	As at 30.09.2025 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	152,118	165,100
Investment properties	11,067	11,188
Right-of-use assets	5,796	8,334
Inventories	26,083	26,083
Intangible assets	2,986	2,986
Deferred tax asset	574	574
Keyman insurance contracts	640	465
	199,264	214,730
Current Assets		
Inventories	27,307	20,595
Trade and other receivables	62,228	50,405
Keyman insurance contracts	-	207
Current tax assets	1,382	2,989
Other investment	2,229	2,513
Cash and cash equivalents	23,172	28,742
	116,318	105,451
TOTAL ASSETS	**315,582**	**320,181**
EQUITY AND LIABILITIES		
Share capital	190,448	177,722
Treasury shares	(7,279)	(5,106)
Other reserves	(1,715)	2,252
Retained profits	33,922	37,662
	215,376	212,530
Non-controlling interests	67,615	68,709
Total Equity	**282,991**	**281,239**
Non-Current Liabilities		
Lease liabilities	1,732	4,143
Borrowings	10,416	8,329
Deferred tax liabilities	1,591	1,591
	13,739	14,063
Current Liabilities		
Trade, other payables and provision	11,658	17,129
Contract liabilities	-	275
Borrowings	4,257	3,969
Lease liabilities	2,937	3,506
	18,852	24,879
Total Liabilities	**32,591**	**38,942**
TOTAL EQUITY AND LIABILITIES	**315,582**	**320,181**
NET ASSETS PER SHARE (RM)	**0.23**[2]	**0.27**[3]

Notes:

(1) *The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Calculated based on the Company's existing issued share capital for the financial period ended as at 30 June 2026 of 1,226,240,600 ordinary shares.*

(3) *Calculated based on the Company's existing issued share capital for the financial year ended as at 30 September 2025 of 1,048,366,259 ordinary shares.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	[------------------------------------ *Attributable to Owners of the Company* ------------------]									
			[--------------------- *Non-distributable* -------------------]							
	Share Capital RM'000	Treasury Shares	Reorganisation Reserve	Warrants Reserve RM'000	SIS Reserve RM'000	Capital contribution RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1 October 2025	177,722	(5,106)	(5,185)	1,831	2,136	3,470	37,662	212,530	68,709	281,239
		-	-							
Total comprehensive income for the financial period	-	-	-	-	-	-	(5,915)	(5,915)	(1,072)	(6,987)
Prior year adjustment	-	-	-	-	-	-	-	-	8	8
Disposal (acquisition) and disposal of subsidiary	-			-	-	-	2,175	2,175	(30)	2,145
Issuance of shares pursuant to:		-	-							
- Warrant exercised	8,047	-	-	(1,831)	-	-	-	6,216	-	6,216
- SIS exercised	4,679	-	-	-	(2,136)	-	-	2,543	-	2,543
Shares buy back	-	(2,173)		-	-	-	-	(2,173)	-	(2,173)
At 30 June 2026	190,448	(7,279)	(5,185)	-	-	3,470	33,922	215,376	67,615	282,991
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	-			-	-	-	10,298	10,298	(94)	10,204
SIS lapsed	-	-	-	-	(1,929)	-	1,929	-	-	-
Issuance of shares pursuant to:		-	-							
- Private placement	12,295	-	-	-	-	-	-	12,295	-	12,295
- Warrant exercised	137	-	-	(33)	-	-	-	104	-	104
- SIS exercised	7,911	-	-	-	(1,360)	-	-	6,551	-	6,551
Share issue expenses	-	-	-	-	3,960	-	-	3,960	-	3,960
At 30 June 2025	174,119	-	(5,185)	1,831	3,585	-	41,891	216,241	22,821	239,062

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 30 September 2025 and the accompanying explanatory notes attached to this interim financial report

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Year-to-date ended	
	30.06.2026	**30.06.2025 (2)**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Profit before tax	(5,525)	13,237
Adjustments for:		
Accretion of interest on lease liabilities	314	-
Amortisation of intangible assets		
- customer relationship	-	1,613
- trademarks	-	43
Depreciation of:		
- investment properties	121	303
- property, plant and equipment	4,207	7,355
- right-of-use assets	2,551	3,469
Impairment of receivables	111	-
Fair value loss on keyman insurance contracts	32	6
(Gain) on disposal of investment properties	-	(2,893)
(Gain) on disposal of property, plant and equipment	(101)	(261)
(Gain) in modification	-	(92)
(Provision) goodwill	(66)	-
Interest expense	818	2,422
Interest income	-	(494)
Loss on disposal of subsidiary	7,780	-
Unrealised on foreign exchange	-	99
Operating profit before working capital changes	10,242	24,807
Inventories	(3,242)	(4,918)
Receivables	(11,933)	(12,743)
Payables	(10,541)	14,349
Contract liabilities	(275)	(1,594)
Cash (used in) / generated from operations	(15,749)	19,901
Income tax refund (paid)	220	(3,461)
Real property gains tax paid	-	(178)
Net cash (used in)/ generated from operating activities	**(15,529)**	**16,262**
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in fixed deposits pledged with licensed banks	(366)	275
Interest received	-	494
Proceed from disposal of subsidiary	6,531	10
Proceeds from disposal of property, plant and equipment	209	1,232
Proceeds from investment properties	-	17,855
Subscription for shares in subsidiary in investing activities	(30)	(40,130)
Purchase of property, plant and equipment	(4,037)	(32,334)
Purchase of investment properties	-	(43)
Changes in other investment	284	21,627
Net cash from (used in) investing activities	**2,591**	**(31,014)**

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

	Year-to-date ended	
	30.06.2026	30.06.2025 (2)
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(818)	(2,422)
Proceeds from exercise of warrants	6,981	104
Proceeds from exercise of SIS	3,943	6,551
Shares buy back	(2,173)	-
Proceeds from private placement, net of transaction cost	-	12,495
Drawdown of hire purchase payables	3,024	-
Repayment of term loans	(556)	(2,435)
Repayment of hire purchase	(171)	(968)
Repayment of lease liabilities	(2,971)	(3,123)
Share issuance expenses paid	-	3,960
Net cash from financing activities	**7,259**	**14,612**
Net (decrease) in cash and cash equivalents	(5,679)	(590)
Cash and cash equivalents at beginning of the financial period	15,849	13,698
Cash and cash equivalents at end of the financial period	**10,170**	**13,108**
Cash and cash equivalents comprise the following:		
Cash and bank balances	10,854	14,294
Fixed deposits with licensed banks	10,030	9,169
Short-term investment	2,288	2,482
Cash and cash equivalents per statement of financial position	23,172	25,945
Less: Bank overdraft	(2,972)	(7,921)
Less: Fixed deposits pledged to financial institutions	(10,030)	(4,916)
	10,170	**13,108**

Note:

(1) *The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.*

(2) *In view of the change of financial year end from 12 months ended 31 March 2025 to 18 months ending 30 September 2025. The current reporting financial period is for a period of 15 months, made up from 1 April 2024 to 30 June 2025.*

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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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

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 period ended 30 September 2025 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 period ended 30 September 2025.

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 period ended 30 September 2025 as disclosed below:

During the financial period, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026

Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Instruments	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as disclosed below:

<u>MFRS 18 *Presentation and Disclosure in Financial Statement*</u>

MFRS 18 will replace MFRS 101 *Presentation of Financial Statements*. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 *Statement of Cash Flows* and some requirements of MFRS 101 have been moved to MFRS 108 *Basis of Preparation of Financial Statements*.

MFRS 18 additional requirements are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined "operating profit or loss" and "profit or loss before financing and income tax" subtotal which are to be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as disclosed below:
(Cont'd)

MFRS 18 Presentation and Disclosure in Financial Statement (Cont'd)
MFRS 18 additional requirements are as follows: (Cont'd)

(ii) Statement of Cash Flows

The standard modifies the starting point for calculating cash flows from operations using the indirect method, shifting from "profit or loss" to "operating profit or loss". It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New disclosures of expenses by nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures (MPMs)

The standard requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

The potential impact of the new standard on the financial statements of the Group and the Company have yet to be assessed.

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 30 September 2025.

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 factors. The supply of oil palm EFB fibre generally declines during the monsoon and low-crop seasons in Malaysia, typically from November to May.

Our manufacturing and trading business for coconut fibre and related products is seasonal. Based on our records, demand for these products increases from October to January. During this period, however, we also face shortages of coconut husk due to the monsoon season and flooding in Malaysia. Uncertain weather conditions and climate variability further affect coconut yields, resulting in unpredictable coconut husk supply.

The Group's furniture division is subject to seasonal fluctuations, with performance impacted by major festive seasons and summer holidays in the United Kingdom, Europe and Asia.

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

Refer Note B6 for latest development.

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 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

The Group had on 7 November 2025 entered into a share sale agreement with FS Motorsports Sdn. Bhd. for the disposal of the entire issued and paid-up share capital of Fibre Star (M) Sdn. Bhd. comprising 13,175,333 ordinary shares for total cash consideration of RM7,500,000.

The disposal of shares in Fibre Star (M) Sdn. Bhd. has been completed on 16 January 2026.

Save for the above, there were no changes in the composition of the Group during the current quarter and financial year under review.

A11. CHANGES IN CONTINGENT LIABILITIES

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

A12. CAPITAL COMMITMENTS

Save as disclosed below, as per reporting date, the Board is not aware of any material commitments incurred or know to be incurred by HHRG Group which upon becoming due or enforceable, may have a material impact on the financial position or business of HHRG Group.

	As at 30.06.2026 RM'000
Property, plant and equipment	
Approved but not contracted for	-
Contracted but not provided for	-
	-

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		**Year-to-date ended**	
	30.06.26 RM'000	**30.06.25 RM'000**	**30.06.26 RM'000**	**30.06.25 RM'000**
Segment Revenue				
Biomass Division	17,983	19,546	52,626	56,248
Furniture Division	5,970	11,891	20,118	38,091
Credit Division	921	921	2,490	2,716
Property Division	11	19	32	(294)
	24,885	32,377	75,266	96,761
Elimination of intragroup transactions	(1,584)	(1,976)	(4,504)	(5,539)
Revenue from external customers	**23,301**	**30,401**	**70,762**	**91,222**
Segment Results				
Biomass Division	3,432	5,096	11,974	13,049
Furniture Division	(381)	(541)	(872)	265
Credit Division	415	150	209	592
Property Division	(146)	(113)	(1,455)	(757)
	3,320	4,592	9,856	13,149
Unallocated corporate income and expenses (net)	(2,405)	1,876	729	11,257
Elimination of intragroup transactions and profits	-	(4,399)	(16,110)	(21,011)
Profit (Loss) before tax of the Group	**915**	**2,069**	**(5,525)**	**3,395**

	Current quarter ended		Year-to-date ended	
	30.06.26	**30.06.25**	**30.06.26**	**30.06.25**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Segment Assets				
Biomass Division	62,677	65,505	62,677	65,505
Furniture Division	38,807	67,450	38,807	67,450
Credit Division	43,811	36,522	43,811	36,522
Property DIvision	104,684	89,078	104,684	89,078
	249,979	258,555	249,979	258,555
Tax assets	1,382	1,376	1,382	1,376
Unallocated assets	32,789	50,324	32,789	50,324
Elimination of intragroup balances	31,432	(1,927)	31,432	(1,927)
Total assets of the Group	**315,582**	**308,328**	**315,582**	**308,328**
Segment Liabilities				
Biomass Division	14,616	19,744	14,616	19,744
Furniture Division	12,285	22,371	12,285	22,371
Credit Division	30,648	35,483	30,648	35,483
Property Division	35,419	48,300	35,419	48,300
	92,968	125,898	92,968	125,898
Tax liabilities	1,591	1,854	1,591	1,854
Unallocated liabilities	9,473	8,917	9,473	8,917
Elimination of intragroup balances	(71,441)	(67,403)	(71,441)	(67,403)
Total liabilities of the Group	**32,591**	**69,266**	**32,591**	**69,266**

A14. RELATED PARTY TRANSACTIONS

	Current quarter ended		Year-to-date ended	
	30.06.26	**30.06.25**	**30.06.26**	**30.06.25**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Purchase of coconut fibre	337	-	1,060	-
	337	**-**	**1,060**	**-**

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 30.06.26 RM'000	Preceding 30.06.25 RM'000	RM'000	%	Current 30.06.26 RM'000	Preceding 30.06.25 RM'000	RM'000	%
Revenue	23,301	30,401	(7,100)	(23.36)	70,762	91,222	(20,460)	(22.43)
Profit (Loss) before tax	915	2,069	(1,154)	(55.78)	(5,525)	3,395	(8,920)	(262.74)
Profit (Loss) after tax	582	1,575	(993)	(63.05)	(6,987)	1,943	(8,930)	(459.60)

Revenue

For the current quarter and preceding year corresponding quarter under review, the Group recorded revenue of RM23.30 million and RM30.40 million respectively. This represents a decrease of RM7.10 million or 23.36% and RM20.46 million or 22.43% respectively as compared to the preceding year corresponding quarter and cumulative quarter.

The lower revenue was mainly attributable to the Furniture Division. The decreases were primarily due to the following:

i. No revenue to be recognised from mattress manufacturing business after disposal of 100% equity interest in Fibre Star (M) Sdn Bhd ("FSM") on 16 January 2026;
ii. Softer market demand for export sale;
iii. The weakening of the United States Dollar ("USD") against the local currency; and
iv. Delay in delivery sale order (i.e. difficulties in securing shipment bookings and longer delivery lead times) due to the conflict between United States and Iran.

The Biomass Division remained the Group's principal revenue contributor. However, its revenue decreased by RM1.56 million as compared to the preceding year corresponding quarter and decrease of RM3.62 million for the cumulative period compared with the corresponding periods of the preceding year. The moderation of sales performance during the during the current quarter and financial period under review was primarily due to the shortage of raw material in the palm division.

Profit (Loss) Before Tax

Our Group reported a profit before tax of approximately RM0.92 million and a loss before tax RM5.53 million respectively for the current quarter and cumulative quarter ended 30 June 2026, as compared to a profit before tax of RM2.07 million and a profit before tax of RM3.40 million respectively recorded in the corresponding quarter and cumulative quarter of the preceding year.

The weaker performance for the current quarter and cumulative quarter under review was mainly attributable to the following factors:

i. Lower revenue and profit contribution from the Biomass and Furniture Division.

ii. The recognition of a one-off loss of approximately RM7.7 million during the second quarter as per the explanatory note 3 of the Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income.

iii. Higher professional fees incurred in relation to ongoing legal litigations.

iv. The higher other income recorded in the preceding year that was attributable to the gain on disposal of investment properties and grants obtained for the expansion of biomass materials and related products.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 30.06.2026 RM'000	Preceding quarter ended 31.03.2026 RM'000
Profit (Loss) before taxation	915	(9,076)

The Group recorded a profit before tax of approximately RM0.92 million for the current quarter, compared with a loss before tax of approximately RM9.08 million in the preceding quarter ended 31 March 2026. The improvement was mainly due to the one-off recognition of loss of approximately RM7.7 million arising from the disposal of Fibre Star (M) Sdn. Bhd. in preceding quarter. Nevertheless, the biomass materials and related products division remained profitable and continued to contribute positively to the Group's operating performance.

B3. PROSPECTS

The Biomass Division remained the primary anchor of the Group's revenue during the quarter under review, despite experiencing a revenue decline compared to the corresponding quarter of the preceding year. The Furniture Division also recorded a reduction in revenue over the same period.

This downturn across both divisions was primarily driven by lower market demand, triggered by escalating geopolitical uncertainties from the Iran–US–Israel conflict. Management anticipates that these ongoing geopolitical tensions will continue to pose operational and market challenges.

To mitigate these risks, the Board and Management remain committed to strengthening long-term performance through enhanced operational resilience, prudent cost management, and robust internal governance.

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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 30.06.2026 RM'000	**Year-to-date ended 30.06.2026 RM'000**
Current tax expense	10	1,119
Under provision for taxation	323	343
Total tax expense	333	1,462
Effective tax rate	36.39%	(26.46%)

The negative effective tax rate for the cumulative quarter under review was mainly attributable to the Group recording a loss before tax at consolidated level, whilst certain subsidiaries within the Group remained in taxable positions. The effective tax rate was also affected by certain non-deductible expenses and under provision of taxation from prior years.

B6. STATUS OF CORPORATE PROPOSALS

Proposed Acquisition: Announcement dated 29 May 2025

On 29 May 2025, the Board of Directors of the Company announced that Open Road (East Coast) Sdn. Bhd., the wholly-owned subsidiary of the Company (the "**OREC**") had on 28 May 2025:

i. entered into an unincorporated joint venture agreement ("**UJVA**") with Udaran Sdn Bhd ("**Udaran**") and Tregon Construction Sdn Bhd ("**Tregon**") to develop an existing mixed development project in Kuala Terengganu;
ii. entered into sale and purchase agreements with Tregon for the acquisition of the lands from Tregon for a total consideration of RM13,000,000 ("**SPAs**"); and
iii. entered into a 3-year call option agreement with Udaran to acquire up to 51% of equity interest in Udaran ("**Call Option Agreement**").

On 24 November 2025, the Board of Directors of the Company announced that further extension of one (1) month has been granted by OREC to Tregon. The Board of Directors of the Company also announced on 24 November 2025 that the condition precedent period under the UJVA has been further extended for one (1) month.

On 19 December 2025, the Board of Directors announced on the following:

1. the UJVA has been terminated on 19 December 2025;
2. the Call Option Agreement has been terminated on 19 December 2025; and
3. OREC and Tregon have on 19 December 2025 entered into amended and restated sale and purchase agreements to amend and supplement the SPAs.

On 20 August 2026, the Board of Directors announced that the said amended and restated sale and purchase agreement in relation to land held under No. Hakmilik PM 3669, No. Lot 78304 (previously known as Hakmilik Sementara No. H.S.(M) 11338, No. PT 28520), Tempat Muara Sungai Marang, Mukim Pulau Kerengga, Daerah Marang, Negeri Terengganu, has been terminated on 20 August 2026.

As to another amended and restated sale and purchase agreement for the land held under No. Hakmilik PM 3668, No. Lot 78303 (previously known as Hakmilik Sementara No. H.S.(M) 11464, No. PT 28519), Tempat Muara Sungai Marang, Mukim Pulau Kerengga, Daerah Marang, Negeri Terengganu, it has been further amended. This amended and restated sale and purchase agreement has not been completed.

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 30 June 2026 are as follows:

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
Secured and guaranteed			
Bankers' acceptance	-	-	-
Bank overdrafts	2,972	-	2,972
Hire purchase	510	2,678	3,188
Term loans	775	7,738	8,513
Total Borrowings	**4,257**	**10,416**	**14,673**

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		Year-to-date ended	
	30.06.26	**30.06.25**	**30.06.26**	**30.06.25** [(2)]
Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	643	1,726	(5,915)	2,236
Weighted average number of ordinary shares in issue ('000)	1,150,694	993,662	1,127,396	944,781
BEPS (sen)	0.06	0.17	(0.52)	0.24

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		Year-to-date ended	
	30.06.26	**30.06.25**	**30.06.26**	**30.06.25**
Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	643	1,726	(5,915)	2,236
Weighted average number of ordinary shares in issue ('000)	1,150,694	993,662	1,127,396	944,781
Adjustment for dilutive effects of:				
- Warrants ('000)	213,187	21,468	213,187	35,587
- SIS ('000)	78,533	-[1]	78,533	-[1]
	1,442,414	1,015,130	1,419,116	980,368
DEPS (sen)	0.04	0.17	(0.42)	0.23

Notes:
[1] *The issued SIS were anti-dilutive as the exercise price was higher than the prevailing mother share price.*

B9. CHANGES IN MATERIAL LITIGATION

(i) Ooi Chieng Sim ("OCS") and Skylitech Resources Sdn. Bhd. ("SRSB") vs H'ng Choon Seng ("HCS"), Kee Swee Lai ("KSL"), HHRG, HK Kitaran Sdn. Bhd. ("HKSB"), HK Gua Musang Sdn. Bhd. ("HKGMSB") and Fibre Star (M) Sdn. Bhd. ("FSSB"). Penang High Court Civil Suit no. PA-22NCvC-58-04/2024

On 23 April 2024, OCS and SRSB commenced a civil suit in the Penang High Court against, among others, HHRG and its subsidiaries, namely HKSB, HKGMSB and FSSB.

OCS and SRSB are claiming, among others, breach of contract, breach of personal guarantee and undertaking, fraud, conspiracy and unlawful conversion of loans into shares. The reliefs sought by OCS and SRSB include:-

(a) declarations of fraud and conversion;

(b) declarations that RM1,414,125 being the value of 3,750,000 ordinary shares of the Company held by OCS and RM557,062 being the value of 1,875,000 Warrants A held by OCS should be compensated to OCS;

(c) declaration that 84,605,250 ordinary shares of the Company and 42,302,625 Warrants A held by HCS and KSL to be transferred to OCS;

(d) declarations that RM8,393,303 being the value of 22,257,500 ordinary shares of the Company held by SRSB and RM3,342,375 being the value of 11,250,000 Warrants A held by SRSB should be compensated to SRSB; and

(e) general, punitive and aggravated damages, interest and costs.

The matter is fixed for trial on 5 to 8 October 2026 and 12 to 13 October 2026.

(ii) Ch'ng Chen Mong ("CCM"), Tan Poh Cheng ("TPC"), Ch'ng Boon Sin ("CBS"), and Cfamillie Holdings Sdn. Bhd. ("CHSB") vs MG Furniture Sdn. Bhd. ("MGF"), MG Furniture Innovation Sdn Bhd ("MGFISB"), HHRG, HH Land and Development Sdn Bhd ("HHL") & 9 Ors - Penang High Court Civil Suit No. PA-22NCvC-111-07/2024 ("Suit 111")

On 23 July 2024, CCM, TPC, CBS and CHSB (collectively, "**the Plaintiffs**") commenced a civil suit against, amongst others, HHRG, HHL, MGF, MGFISB, and several individual defendants. The Plaintiffs alleged that they were fraudulently induced in 2021 to execute a share sale agreement, shareholders agreement and related documents in connection with the sale and purchase of shares in MGF based on alleged fraudulent representations made by certain individual defendants.

On 26 July 2024, the Plaintiffs obtained an Ex-Parte Order prohibiting HHRG, certain directors and officers, namely Fong Chee Khuen ("**FCK**"), Cheng Pek Tong ("**CPT**") and Ng Ying Yiing ("**NYY**") (including their representatives, agents, employees and/or solicitors) from interfering with or altering the status quo of MGF and MGFISB, including in relation to bank signatories, management, operations and/or business, pending the inter partes hearing of the application. The Plaintiffs' inter partes application for an interlocutory injunction was dismissed by the Court. Thereafter, the Plaintiffs, filed appeal, at the Court of Appeal, the Plaintiffs applied for interim remedies, and the parties subsequently recorded a consent judgment on 6 January 2025.

On 27 September 2025, MGF, HHRG, HHL, NYY, CPT and others filed an application to expunge certain cause papers or alternatively certain parts of identified cause papers which contain material protected by privilege ("**Expungement Application**"). On 27 February 2026, the High Court allowed the Expungement Application. This decision has been appealed by counterparty and this appeal has been fixed for hearing on 19 October 2026.

In relation to Suit 111, trial dates have been fixed on 4–6 and 10–13 November 2026. The next case management to update on the status of the pre-trial documents is fixed on 14 October 2026.

Parties will be attending a mediation session for Suit 111 that will be presided by His Lordship Azlan bin Sulaiman on 29 September 2026 at the Penang High Court.

(iii) HHRG vs. Digital Trustees Berhad ("DTB") and CHSB Shah Alam High Court Civil Suit No. BA-22NCC-54-03/2025 ("Suit 54")

On 14 March 2025, DTB, as custodian of CHSB holding more than 10% of the HHRG's shares, issued a requisition to convene an EGM pursuant to sections 310(b) and 311 of the Act, with special notice under sections 206 and 322, to remove five directors and appoint three new directors. The Board, after legal advice, declined to convene the EGM on the basis that the proposed resolutions would not be in HHRG's best interests.

HHRG thereafter commenced Suit 54 against DTB and CHSB at the Shah Alam High Court seeking, amongst others, a declaration that DTB acted in abuse of its powers under section 311 of the Act and that its requisition notice was invalid.

HHRG has filed application to discontinue Suit 54 and the hearing date is fixed on 26 August 2026.

(iv) HHRG Capital Sdn Bhd ("HHRG Capital") vs Synergy Fiftyseven Sdn Bhd ("SFSB"), Muhamad Ibrahim Bin Abd Majid ("MIBAM") and Mohd Azlan Bin Abdul Mutalib ("MABAM") - Shah Alam High Court Civil Suit No.: BA-22NCC-102-06/2025

On 4 June 2025, HHRG Capital claims against SFSB, MIBAM and MABAM joint and severally for inter alia, recovery of the sum of RM1,500,000.00 lend to SFSB by HHRG Capital as a licenced money lender and the interest incurred pursuant to Moneylending Agreement and letter of undertakings signed by SFSB, MIBAM and MABAM respectively.

HHRG Capital filed an application for summary judgment. On 8 January 2026, the court allowed the summary judgement. HHRG Capital is in the midst of enforcing the said judgment.

(v) HHRG, HHRG Capital, FSSB and HKSB vs FCK - Shah Alam High Court Suit No.: BA-22NCvC-408-09/2025

On 18 September 2025, HHRG, HHRG Capital, FSSB and HKSB jointly claim against FCK for a declaration that FCK has breached his duties as Chief Executive Officer of HHRG, and director of HHRG Capital, FSSB and HKSB, a declaration that FCK has contravened section 317A of the Capital Markets and Services Act 2007 and damages.

At the case management on 14 May 2026, the learned Judicial Commissioner indicated that as the issue on whether the order obtained pursuant to the Expungement Application applies to this suit was neither raised nor clarified in Suit 111 at the material point in time.

We have filed the expungement application on 21 August 2026 and its case management has been fixed on 4 September 2026.

(vi) MGF vs CCM, CBS, Kong Khai Chun, Ch'ng Su Yen, Ch'ng Seok Yuan, Ms Foresight Sdn Bhd, Ch'ng Su Ping, Synergism Trading Sdn Bhd & Tan Meng Hua ("Suit 12")

MGF commenced a writ action ("**Encl. 1**") on 18 January 2026 against the defendants in Suit 12, claiming, amongst others –

(a) breaches of their statutory, common law, fiduciary and/or fidelity;
(b) tort of conspiracy to injure; and
(c) breach of their duty of confidentiality.

On 18 January 2026, MGF also filed a Notice of Application ("**Encl. 2**") seeking, amongst others, interim injunctive relief in relation to MGF's confidential information and related reliefs.

The Court on 26 February 2026 granted the following, among others, *ad interim* orders pending the disposal of Encl. 2 –

(a) an injunction restraining the defendants, whether acting by themselves or through their partners, representatives, agents, associates, nominees, employees, familial members, associated companies, contractors, and/or servants, from disclosing, circulating, copying, reproducing, storing, distributing, communicating or otherwise dealing with MGF's confidential information (as defined in Encl. 2);

(b) an injunction restraining the defendants, whether acting by themselves or through their partners, representatives, agents, associates, nominees, employees, familial members, associated companies, contractors, and/or servants, from exploiting, benefitting from or otherwise misusing MGF's confidential information;

(c) an injunction restraining the defendants, whether acting by themselves or through their partners, representatives, agents, associates, nominees, employees, familial members, associated companies, contractors, and/or servants, from relying on MGF's confidential information to procure, solicit or conduct business with third parties, including but not limited to MGF's customers;

(d) directions that all affidavits and cause papers filed in relation to Encl. 2 be sealed and not made available for public inspection, and that MGF be at liberty (with leave of Court) to redact averments and/or exhibits in cause papers insofar as it contains confidential information.

The next case management for both Encl. 1 and Encl. 2 is fixed on 7 September 2026.

B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

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

	Current quarter ended 30.06.2026 RM'000	**Year-to-date ended 30.06.2026 RM'000**
Interest income	-	-
Other income including investment income	-	-
Interest expense	(263)	(818)
Depreciation expenses	(2,335)	(6,879)
Amortisation expenses	-	-
Unrealised gain/(loss) on foreign exchange	-	-
Gain/(loss) on disposal of property, plant and equipment	-	101
Gain/(loss) on disposal of investment properties	-	-
Equity-settled share-based payment	-	-
Fair value gain on derivative instruments	-	-
Allowance for expected credit losses:	-	-
Impairment loss on property, plant and equipment	-	-
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	-	(7,700)
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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