

HONG SENG CONSOLIDATED BERHAD 200101001581 (537337-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 DECEMBER 2022**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2022**

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Period	Current Period	Preceding Period
		Quarter 31.12.2022	Quarter 31.12.2021	Period-to-date 31.12.2022	Period-to-date 31.12.2021
		RM	RM	RM	RM
Revenue		3,050,522	75,860,365	3,050,522	75,860,365
Cost of sales		(5,628,392)	(32,963,723)	(5,628,392)	(32,963,723)
Gross (loss)/profit		(2,577,870)	42,896,642	(2,577,870)	42,896,642
Other income		1,200	13,849,437	1,200	13,849,437
Interest income		153,153	317,351	153,153	317,351
Net impairment (loss)/gain on financial assets		(67,612)	236,030	(67,612)	236,030
Selling and distribution expenses		(35,722)	(51,817)	(35,722)	(51,817)
Administration expenses		(3,900,670)	(6,253,551)	(3,900,670)	(6,253,551)
Other expenses		(2,356)	(27,792)	(2,356)	(27,792)
Finance costs		(175,734)	(154,783)	(175,734)	(154,783)
Share of loss of an associate company		(20,000)	(886)	(20,000)	(886)
(Loss)/Profit before taxation		(6,625,611)	50,810,631	(6,625,611)	50,810,631
Tax expense		(411,316)	(7,488,378)	(411,316)	(7,488,378)
(Loss)/Profit after taxation		(7,036,927)	43,322,253	(7,036,927)	43,322,253
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the financial period		(7,036,927)	43,322,253	(7,036,927)	43,322,253
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		(6,835,542)	41,383,537	(6,835,542)	41,383,537
Non-controlling interests		(201,385)	1,938,716	(201,385)	1,938,716
		(7,036,927)	43,322,253	(7,036,927)	43,322,253
Total comprehensive (expense)/income attributable to:-					
Owners of the Company		(6,835,542)	41,383,537	(6,835,542)	41,383,537
Non-controlling interests		(201,385)	1,938,716	(201,385)	1,938,716
		(7,036,927)	43,322,253	(7,036,927)	43,322,253
(Loss)/Earnings per share attributable to equity holders of the Company (sen)					
- Basic	B10.1	(0.13)	0.81	(0.13)	0.81
- Diluted	B10.2	(0.13)	0.61	(0.13)	0.61

(The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to the quarterly report.)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	As at 31.12.2022 (Unaudited) RM	As at 30.9.2022 (Audited) RM
ASSETS		
Non-current assets		
Property, plant and equipment	133,587,832	131,691,143
Intangible assets	-	-
Investment in an associate company	-	20,000
Goodwill on consolidation	6,083,027	6,083,027
Investment in a joint venture company	-	-
Other investments	10,521,358	9,520,033
Trade receivables	-	2,000,000
Fixed deposits with licensed banks	2,327,273	2,319,629
Total non-current assets	152,519,490	151,633,832
Current assets		
Inventories	25,291,916	23,915,967
Trade receivables	158,970,895	166,229,641
Other receivables	14,147,641	14,358,821
Amount due from a joint venture company	-	53,117
Amount due from an associate	274,901	269,473
Short term investments	36,000,000	-
Tax recoverable	3,736,389	1,049,600
Fixed deposits with licensed banks	248,178	247,818
Cash and bank balances	28,290,403	74,181,222
Total current assets	266,960,323	280,305,659
TOTAL ASSETS	419,479,813	431,939,491
EQUITY AND LIABILITIES		
Equity		
Share capital	251,446,486	251,446,486
Irredeemable convertible preference shares	35,878	35,878
Fair value reserve	(863,432)	(863,432)
Retained earnings	130,872,040	137,707,582
Equity attributable to owners of the Company	381,490,972	388,326,514
Non-controlling interests	2,594,846	2,796,231
Total equity	384,085,818	391,122,745
Non-current liabilities		
Lease liabilities	422,698	558,951
Deferred tax liabilities	927,631	927,631
Bank borrowings	12,110,463	12,318,861
Total non-current liabilities	13,460,792	13,805,443

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (CONT'D)

	As at 31.12.2022 (Unaudited) RM	As at 30.9.2022 (Audited) RM
Current liabilities		
Trade payables	8,489,555	8,911,416
Other payables	10,588,703	11,097,676
Lease liabilities	428,906	374,205
Bank borrowings	1,191,602	1,290,592
Tax payable	1,234,437	5,337,414
Total current liabilities	<u>21,933,203</u>	<u>27,011,303</u>
TOTAL LIABILITIES	<u>35,393,995</u>	<u>40,816,746</u>
TOTAL EQUITY AND LIABILITIES	<u>419,479,813</u>	<u>431,939,491</u>
Net assets per share attributable to owners of the Company (sen)	<u>7.47</u>	<u>7.60</u>

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to the quarterly report.)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2022

	<----- Attributable To Owners of the Company ----->						
	Non-Distributable			Distributable		Non-controlling interests	
	Share capital	Irredeemable convertible preference shares	Fair value reserve	Retained earnings	Total		RM
	RM	RM	RM	RM	RM	RM	RM
At 1 October 2022	251,446,486	35,878	(863,432)	137,707,582	388,326,514	2,796,231	391,122,745
Net loss for the financial period	-	-	-	(6,835,542)	(6,835,542)	(201,385)	(7,036,927)
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Total comprehensive expense for the financial period	-	-	-	(6,835,542)	(6,835,542)	(201,385)	(7,036,927)
Balance at 31 December 2022	251,446,486	35,878	(863,432)	130,872,040	381,490,972	2,594,846	384,085,818
At 1 October 2021	250,615,397	56,765	(863,432)	22,608,174	272,416,904	21,891,990	294,308,894
Net profit for the financial period	-	-	-	41,383,537	41,383,537	1,938,716	43,322,253
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	41,383,537	41,383,537	1,938,716	43,322,253
Transactions with owners:							
Conversion of irredeemable convertible preference shares	56,080	(14,020)	-	-	42,060	-	42,060
Exercise of warrants	194,584	-	-	-	194,584	-	194,584
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	490	490
Acquisition of subsidiary companies	-	-	-	-	-	443,546	443,546
Disposal of subsidiary companies	-	-	-	-	-	(1,030,395)	(1,030,395)
Dividend received by non-controlling interests	-	-	-	-	-	(600,000)	(600,000)
Balance at 31 December 2021	250,866,061	42,745	(863,432)	63,991,711	314,037,085	22,644,347	336,681,432

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to the quarterly report.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2022

	Current Period Period-to-date 31.12.2022 RM	Preceding Year Period-to-date 31.12.2021 RM
CASH FLOW FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(6,625,611)	50,810,631
Adjustments for:		
Non-cash items	2,815,337	1,523,377
Non-operating items	24,826	(14,699,113)
Operating (expenses)/income before working capital changes	<u>(3,785,448)</u>	<u>37,634,895</u>
Net changes in inventories	(1,351,886)	(2,385,557)
Net changes in current assets	9,405,514	(57,292,140)
Net changes in current liabilities	(937,204)	6,272,722
Cash from/(for) operations	<u>3,330,976</u>	<u>(15,770,080)</u>
Interest paid	(175,734)	(14,857)
Income tax paid	(7,201,082)	(1,360,113)
Net cash for operating activities	<u>(4,045,840)</u>	<u>(17,145,050)</u>
CASH FLOW FOR INVESTING ACTIVITIES		
Net cash inflow/(outflow) from/for the acquisition of subsidiary companies	29,662	(22,155,974)
Repayment from a joint venture	317	-
Advances to associate companies	(5,428)	-
Purchase of other investments	(1,001,325)	-
Interest received	153,153	317,351
Net cash inflow from the disposal of subsidiary companies	-	15,149,870
Purchase of plant and equipment	(4,604,763)	(1,266,629)
Subscription of shares in an associate company	-	(48,900)
Net cash for investing activities	<u>(5,428,384)</u>	<u>(8,004,282)</u>
CASH FLOW FOR FINANCING ACTIVITIES		
Repayment of bank borrowings	(307,388)	(15,000,000)
Placement of fixed deposits pledged	(7,644)	(691,575)
Proceeds from issuance of shares	-	236,644
Repayment of lease liabilities	(101,309)	(61,933)
Net cash for financing activities	<u>(416,341)</u>	<u>(15,516,864)</u>
Net changes in cash and cash equivalents	(9,890,565)	(40,666,196)
Effects on exchange rate differences	106	-
Cash and cash equivalents at the beginning of the financial period	<u>74,384,040</u>	<u>152,328,479</u>
Cash and cash equivalents at the end of the financial period	<u>64,493,581</u>	<u>111,662,283</u>
Analysis of cash and cash equivalents		
Short terms investments	36,000,000	-
Fixed deposits	2,575,451	48,844,853
Cash and bank balances	<u>28,290,403</u>	<u>69,176,006</u>
	66,865,854	118,020,859
Less: Fixed deposits pledged	<u>(2,372,273)</u>	<u>(6,358,576)</u>
	<u>64,493,581</u>	<u>111,662,283</u>

(The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to the quarterly report.)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of Hong Seng Consolidated Berhad (“Hong Seng” or the “Company”) and its subsidiary companies (“Group”) for the financial year ended 30 September 2022.

The accounting policies adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 September 2022 except for the adoption of the new and revised MFRSs which are mandatory for financial periods beginning on or after 1 October 2022.

A2. Qualification of financial statements

The auditors’ report of the preceding financial statements for the financial year ended 30 September 2022 was not subject to any audit qualification.

A3. Seasonal or cyclical factors

The business of the Group was not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

A4. Unusual items due to their nature, size or incidence

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

A5. Significant estimates and changes in estimates

There were no changes in the estimates of amounts reported in the prior financial period, which have a material effect in the current quarter under review.

A6. Debts and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

A7. Dividends paid

There was no dividend paid during the current quarter under review.

A8. Segmental information

The Group's segmental report is presented based on its operating segments as follows:-

For the financial period ended 31 December 2022	Financial				Total RM '000	Adjustments and eliminations RM '000	Total RM '000
	Healthcare RM '000	Services RM '000	Gloves RM '000	Others RM '000			
Sales to external customers	1,183	1,868	-	-	3,051	-	3,051
Inter-segment sales	-	-	-	-	-	-	-
Total sales	1,183	1,868	-	-	3,051	-	3,051
(Loss)/Profit before taxation	(2,038)	1,644	(5,730)	(502)	(6,626)	-	(6,626)
Segment assets	80,357	145,535	141,465	371,316	738,673	(319,193)	419,480
Segment liabilities	26,139	145,470	144,599	46,347	362,555	(327,161)	35,394

For the financial period ended 31 December 2021	Financial				Total RM'000	Adjustments and eliminations RM'000	Total RM'000
	Healthcare RM'000	Services RM'000	Gloves RM'000	Others RM'000			
Sales to external customers	58,449	525	16,997	(111)	75,860	-	75,860
Inter-segment sales	34	-	1	-	35	(35)	-
Total sales	58,483	525	16,998	(111)	75,895	(35)	75,860
Profit before taxation	30,898	387	6,956	29,093	67,334	(16,523)	50,811
Segment assets	121,228	74,012	92,473	323,420	611,133	(224,318)	386,815
Segment liabilities	49,627	72,190	85,040	60,980	267,837	(217,703)	50,134

A9. Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Material events during the interim period

The following was the material event during the current quarter ended 31 December 2022:-

- (i) Reference made to the announcements made on 10 June 2022 and 9 September 2022 for the memorandum of understanding (“MOU”) entered with EoCell Inc. (“EoCell”) relating to the project whereby the parties to work together to build and create a regional manufacturing hub in Malaysia to manufacture batteries for electric vehicles (“EV”) and progress to other power storage solutions for EV and to supply to EV manufacturers, assemblers, users in the South East Asian region subject to the terms and conditions of this MOU.

Pursuant to the MOU, the parties shall enter into a Joint Venture Agreement (“JVA”) after due diligence, discussions and negotiations whereby a new joint venture company shall be set up pursuant to the JVA for the purpose of the project within 90 days from the date of the MOU or such other later date as the parties may agree in writing. As at 9 December 2022, the parties were still in the midst of negotiating and finalising the detailed terms and arrangements of the JVA and pursuant thereto, the Board announced that the Company and EoCell have mutually agreed to further extend the term of the MOU for a period of another 6 months to 10 June 2023 for the parties to conclude the JVA. Further announcement will be made by the Company in the event that the parties reach the JVA.

A11. Material events subsequent to the end of the interim period

The following were the material events subsequent to the financial period ended 31 December 2022:-

- (i) On 31 January 2023, the Board of Directors of Hong Seng (“Board”) announced that the Company has entered into a shares sale agreement with Innov8tif Consortium Sdn Bhd to undertake the proposed acquisition of 717,570 ordinary shares in Innov8tif Holdings Sdn Bhd (“Innov8tif Holdings”), representing 51% of the enlarged issued share capital in Innov8tif Holdings, for a total cash purchase consideration of RM30,855,000 (“Proposed Acquisition of Innov8tif Holdings”);
- (ii) Reference made to announcements made on 10 November 2021, 9 February 2022, 9 May 2022, 9 August 2022 and 9 November 2022 in relation to the memorandum of understanding entered into between Neogenix Evo Sdn Bhd (“Neo Evo”) and Universiti Tunku Abdul Rahman (“UTAR”) to explore areas for cooperation in relation to UTAR Hospital Project.

The memorandum is intended for the parties to jointly co-operate to further spur the medical education for future generations and to explore areas for cooperation in relation to the UTAR Hospital Project. Pursuant to the UTAR Hospital Project, the parties intend to set up a molecular laboratory in UTAR Hospital where the laboratory designs and layouts plans had been previously submitted to UTAR for finalisation and approval. As at 9 February 2023, the said laboratory designs and layout plans are still pending approval from UTAR. Further announcement will be made by the Company in the event that the parties conclude the collaboration agreement; and

- (iii) On 13 February 2023, the Board announced that the Company has entered into a shares sale agreement with CSH Alliance Berhad to undertake the proposed acquisition of 5,000,000 ordinary shares in Alliance EV Sdn. Bhd (“AEV”), representing the entire issued share capital in AEV, for a total cash purchase consideration of RM20,000,000.

A12. Changes in composition of the Group

Other than disclosed below, there were no major changes in the composition of the Group for the financial period under review:-

- (i) On 10 November 2022, HS Bio Sdn Bhd (“HS Bio”), a wholly owned subsidiary of Hong Seng, has entered into a shares sale agreement with Ligno Holding Sdn Bhd to acquire the remaining 50% equity interest in HS Ligno Sdn Bhd (“HS Ligno”) comprising 50 ordinary shares for a total cash purchase consideration of RM1. Consequently, HS Ligno becomes a wholly owned subsidiary of HS Bio.

A13. Capital commitments

Other than disclosed below, there were no material capital commitments at the end of the current quarter under review:-

	As at 31.12.2022 RM'000
Authorised and contracted for:	
Renovation works	16,427
Sublease of land	33,519
Master Services and License Agreement	9,371
Acquisition of properties	2,352
	61,669

A14. Contingent assets or liabilities

There were no material contingent assets or liabilities at the end of the current quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

1.1 Financial review for the current quarter and financial period-to-date

	Individual Period		Variances		Cumulative Period		Variances	
	Quarter ended	Quarter ended			Period ended	Period ended		
	31.12.2022 RM'000	31.12.2021 RM'000	Amount RM'000	%	31.12.2022 RM'000	31.12.2021 RM'000	Amount RM'000	%
Revenue	3,051	75,860	(72,809)	(96.0)	3,051	75,860	(72,809)	(96.0)
(Loss)/Profit before interest, tax and share of results of associates	(6,583)	50,649	(57,232)	(113.0)	(6,583)	50,649	(57,232)	(113.0)
(Loss)/Profit before interest and tax	(6,603)	50,648	(57,251)	(113.0)	(6,603)	50,648	(57,251)	(113.0)
(Loss)/Profit before tax	(6,626)	50,811	(57,437)	(113.0)	(6,626)	50,811	(57,437)	(113.0)
(Loss)/Profit after tax	(7,037)	43,322	(50,359)	(116.2)	(7,037)	43,322	(50,359)	(116.2)
(Loss)/Profit attributable to owners of the Company	(6,836)	41,384	(48,220)	(116.5)	(6,836)	41,384	(48,220)	(116.5)

Current year quarter vs preceding year quarter

Revenue

The Group's revenue for the current quarter under review was decreased by RM72.8 million as compared to the financial quarter ended 31 December 2021 mainly due to the decrease in revenue from Healthcare and Glove segments. The revenue from Healthcare and Gloves segments have been decreased by RM57.3 million and RM17.0, respectively. The Healthcare segment has experienced a normalisation downtrend at the back of the lower infection rate while performance of other healthcare related services requires a longer gestation period for, amongst others, better positioning in the market in terms of specialisation, pricing and services rendered. On the other hand, the Gloves segment has been facing a challenging time mainly arising from the oversupply and intense market competition coupled with escalating cost of operating in gloves industry. These decreases were partially offset by the growth in the Financial Services sector in the current quarter.

Financial Services segment consists of moneylending business which contributed a revenue of RM1.9 million in the current quarter. This segment has extended RM143.6 million of loans to third party corporate loan debtors and individual loan debtors in the ordinary course of its business as a licensed moneylender in current quarter under review.

(Loss)/Profit before interest and tax ("PBIT")

The Group's PBIT for the current quarter was decreased by RM57.3 million as compared to the quarter ended 31 December 2021 as the Group experienced loss in Healthcare segment and Gloves segment, respectively, mainly due to the reduction in revenue as explained above.

B1. Review of performance (Cont'd)

1.2. Financial review for the current quarter with the immediate preceding quarter

	Current quarter ended 31.12.2022 RM'000	Immediate preceding quarter ended 30.9.2022 RM'000	Variances	
			Amount RM'000	%
Revenue	3,051	(1,705)	4,756	278.9
Loss before interest, tax and share of results of associates	(6,583)	(12,004)	(5,421)	(45.2)
Loss before interest and tax ("LBIT")	(6,603)	(11,987)	(5,384)	(44.9)
Loss before tax	(6,626)	(12,047)	(5,421)	(45.0)
Loss after tax	(7,037)	(6,008)	1,029	17.1
Loss attributable to owners of the Company	(6,836)	(4,494)	2,342	52.1

Revenue

The Group's revenue for the current quarter was increased by RM4.8 million as compared to the immediate preceding quarter mainly due to the discounts given in the immediate preceding quarter in respect of sales generated in the previous quarters from Healthcare segment. By excluding the discounts given, revenue for the current quarter decreased by RM0.6 million mainly due to the lower revenue from Healthcare and Glove segments as explained in Section 1.1 above.

LBIT

The Group's LBIT for the current quarter was decreased by RM5.4 million as compared to the immediate preceding quarter mainly due to:-

- (i) impairment losses on receivables provided in the immediate preceding quarter;
- (ii) written down of inventories provided in the immediate preceding quarter; and
- (iii) commission charged upon full settlement from customer provided in the immediate preceding quarter.

B2. Group's prospects

The current global uncertainties which include the Russia-Ukraine war and recent lockdowns of major cities in China arising from a spike in COVID-19 cases have caused further strain on global supply chains and led to higher commodity and raw material prices. These prevailing external risks within the current environment which could have a bearing on business resilience and prospects of the Group.

The gloves segment is faced with a higher operating cost due to rising inflationary pressure resulting from the higher electricity and natural gas tariffs, coupled with Malaysia's new minimum wage policy effective on 1 May 2022. In addition, the continuous oversupply of the global glove industry has intensified the escalation of market competition. While the global glove demand is expected to keep growing in the long run as result of a shift in glove usage due to increased healthcare standards and hygiene awareness in both medical and non-medical industries in the post-pandemic era, the outlook of glovemakers in the nation is not looking good with analysts delivering a substantial negative revision to this year's forecasts on the leading glovemakers.

Concurrently, the healthcare segment has experienced normalised in Covid-19 test kits sales, moving forward with the Group diversification into Healthcare related businesses, The Group has begun to expand its healthcare business to provide post-pandemic general healthcare related products and services such as providing laboratory diagnostic services, genomics and biochemistry screening as well as distribution of other healthcare and pharmaceutical products, digital healthcare platform solutions, and smart healthcare logistic services.

As part of the Group's recalibration strategies, Hong Seng is constantly exploring initiatives and opportunities to diversify its business activities to keep abreast with the ever-changing global trends. Hence, the Group had recently undertaken the Proposed Acquisition of Innov8tif Holdings, a group of companies which specialises in identity ("ID") verification ("IDV") technology to support e-KYC and anti-fraud processes, customer onboarding process automation and mobile biometric authentication. Innov8tif Holdings's customer base comprises the telecommunication companies, BFSI (banking, financial services and insurance), investment firms, multinational manufacturing companies and government which include those in the ASEAN region.

The Board is of the view that the business of digital ID assurance and digital IDV solutions is a fast-growing sector as more organisations are embracing cloud computing and undergoing digital transformations in line with the Post-App era where the mobile phone has become the gateway to the majority of interaction points, whether it is between people, between businesses and people or people and things. Hence, digital ID assurance and management will become increasingly important in any business that requires online customer IDV especially in the telecommunication, banking and financial services sector.

Other than that, the Group had also on 13 February 2023 entered into a Shares Sale Agreement with CSH Alliance Berhad to undertake the proposed acquisition of the entire issued share capital in AEV, to complement the Group's collaboration with EoCell, in manufacturing EV batteries.

AEV is currently in a collaboration with BYD Malaysia Sdn Bhd ("BYD"), the Malaysian arm of BYD Company Limited which is a global leader in four major industries (i.e. Electronics, Auto, New Energy and Rail Transit) to cooperate in the distribution of BYD T3 model, a fully commercial electric van as well as to set up a 4S (i.e., sales, service, spare parts and body, and paint services) service centre and a local assembly plant in Malaysia.

In view of the headwinds affecting the glove and healthcare sectors, the Group expects the performance for the financial year ending 30 September 2023 to be challenging. However, the Group remains positive on the resiliency of its businesses and new ventures and will continue to focus on effective cost management and accelerating the transformation into digitalisation and sustainability across the operations to increase productivity and efficiency.

B3. Statement of the board of directors' opinion on profit estimate, forecast, projection or internal targets

The Group has not provided any profit estimate, forecast, and projection in any public documents.

B4. Variance on profit forecast

The Group has not issued any profit forecast in any public documents.

B5. Tax expense

	Individual Period		Cumulative Period	
	Quarter ended 31.12.2022	Quarter ended 31.12.2021	Period-to-date 31.12.2022	Period-to-date 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- For the current financial period	(411)	(7,488)	(411)	(7,488)
- (Under)/Overprovision in the previous financial period	-	-	-	-
	(411)	(7,488)	(411)	(7,488)
Deferred tax expense:				
- For the current financial period	-	-	-	-
- (Under)/Overprovision in the previous financial period	-	-	-	-
	(411)	(7,488)	(411)	(7,488)

B6. Status of corporate proposal

There were no corporate proposals announced but not completed as at 20 February 2023, being the last practicable date from the date of issue of this report.

B7. Group's borrowings and debts securities

The details of the Group's borrowings and debts securities outstanding are as follows:-

	As at 31.12.2022			As at 31.12.2021		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
Secured						
Lease liabilities	423	429	852	407	1,064	1,471
Bank borrowings	12,110	1,192	13,302	-	-	-
Total borrowings	12,533	1,621	14,154	407	1,064	1,471

All borrowings are denominated in Ringgit Malaysia and the Group does not have foreign currency borrowings.

The bank borrowings obtained from local banks bears interest of 4.22% to 4.97% (31.12.2021: 3.77% to 7.70%) per annum.

B8. Material litigation

The Group is not engaged in any material litigation either, as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B9. Dividends

No dividend has been declared/paid during the quarter under review.

B10. (Loss)/Earnings per share

10.1 Basic (loss)/earnings per share

The basis (loss)/earnings per share is calculated by dividing the (loss)/profit after taxation attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

		Individual Period		Cumulative Period	
		Quarter ended	Quarter ended	Period-to-date	Period-to-date
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
(Loss)/Profit attributable to owners of the Company	(RM'000)	(6,836)	41,384	(6,836)	41,384
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	5,106,029	5,108,417	5,106,029
Basic (loss)/earnings per share	(sen)	(0.13)	0.81	(0.13)	0.81

10.2 Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is calculated by dividing the (loss)/profit after taxation attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been issued upon the full conversion of the remaining ICPS and full exercise of the remaining Warrant A and Warrant B.

		Individual Period		Cumulative Period	
		Quarter ended	Quarter ended	Period-to-date	Period-to-date
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
(Loss)/Profit attributable to owners of the Company	(RM'000)	(6,836)	41,384	(6,836)	41,384
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	5,106,029	5,108,417	5,106,029
Effects of dilution * :					
Effect of outstanding ICPS		-	3,420	-	3,420
Effect of outstanding warrants		-	1,702,680	-	1,702,680
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	6,812,129	5,108,417	6,812,129
Diluted (loss)/earnings per share	(sen)	(0.13)	0.61	(0.13)	0.61

Note:-

* The effects of potential ordinary shares arising from the conversion of ICPS and exercise of warrants are anti-dilutive and accordingly, they have been ignored in the calculation of dilutive (loss)/earnings per share. As a result, the dilutive (loss)/earnings per share is the same as basic (loss)/earnings per share.

B11. Qualification of financial statements

The Company's preceding annual financial statements were not subject to any audit qualifications.

B12. Notes to statements of profit or loss and other comprehensive income

	Individual Period		Cumulative Period	
	Quarter ended	Quarter ended	Period-to-date	Period-to-date
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Amortisation cost on intangible assets	-	750,000	-	750,000
Depreciation on property, plant and equipment	2,727,831	1,008,521	2,727,831	1,008,521
Impairment losses on receivables	67,612	-	67,612	-
Impairment loss on goodwill	2,245	-	2,245	-
Interest expenses	175,734	154,783	175,734	154,783
Plant and equipment written off	-	27,563	-	27,563
Gain on disposal of subsidiaries	-	(13,824,182)	-	(13,824,182)
Interest income	(153,153)	(317,351)	(153,153)	(317,351)
Reversal of impairment losses on receivables	-	(236,030)	-	(236,030)

B13. Gains or losses arising from fair value changes of financial liabilities

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.