

**HONG SENG CONSOLIDATED BERHAD** 200101001581 (537337-M)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED  
31 MARCH 2023**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Period	Current Period	Preceding Period
		Quarter 31.3.2023 RM	Quarter 31.3.2022 RM	Period-to-date 31.3.2023 RM	Period-to-date 31.3.2022 RM
Revenue		3,627,242	117,610,440	6,677,764	193,470,805
Cost of sales		(9,650,943)	(57,508,166)	(15,279,335)	(90,471,889)
Gross (loss)/profit		(6,023,701)	60,102,274	(8,601,571)	102,998,916
Other income		83,928	9,700,438	85,128	23,549,875
Interest income		276,035	178,210	429,188	495,561
Net impairment (loss)/gain on financial assets		(57,819)	24,956	(125,431)	260,986
Selling and distribution expenses		(33,513)	(65,790)	(69,235)	(117,607)
Administration expenses		(3,073,182)	(6,975,343)	(6,973,852)	(13,228,894)
Other expenses		(3,091)	(361)	(5,447)	(28,153)
Finance costs		(177,474)	(136,945)	(353,208)	(291,728)
Share of loss of an associate company		-	467,520	(20,000)	466,634
(Loss)/Profit before taxation		(9,008,817)	63,294,959	(15,634,428)	114,105,590
Tax expense		(350,593)	(15,117,012)	(761,909)	(22,605,390)
(Loss)/Profit after taxation		(9,359,410)	48,177,947	(16,396,337)	91,500,200
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the financial period		(9,359,410)	48,177,947	(16,396,337)	91,500,200
<b>(Loss)/Profit after taxation attributable to:-</b>					
Owners of the Company		(9,175,504)	42,297,340	(16,011,046)	83,680,877
Non-controlling interests		(183,906)	5,880,607	(385,291)	7,819,323
		(9,359,410)	48,177,947	(16,396,337)	91,500,200
<b>Total comprehensive (expense)/income attributable to:-</b>					
Owners of the Company		(9,175,504)	42,297,340	(16,011,046)	83,680,877
Non-controlling interests		(183,906)	5,880,607	(385,291)	7,819,323
		(9,359,410)	48,177,947	(16,396,337)	91,500,200
(Loss)/Earnings per share attributable to equity holders of the Company (sen)					
- Basic	<b>B10.1</b>	(0.18)	0.83	(0.31)	1.64
- Diluted	<b>B10.2</b>	(0.18)	0.62	(0.31)	1.23

(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 MARCH 2023

	As at 31.3.2023 (Unaudited) RM	As at 30.9.2022 (Audited) RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	137,349,638	131,691,143
Investment properties	2,269,997	-
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	-	2,319,629
<b>Total non-current assets</b>	<b>156,224,020</b>	<b>151,633,832</b>
<b>Current assets</b>		
Inventories	22,318,975	23,915,967
Trade receivables	154,899,062	166,229,641
Other receivables	18,724,711	14,358,821
Amount due from a joint venture company	-	53,117
Amount due from an associate	274,901	269,473
Tax recoverable	4,977,075	1,049,600
Fixed deposits with licensed banks	2,596,823	247,818
Cash and bank balances	48,183,013	74,181,222
<b>Total current assets</b>	<b>251,974,560</b>	<b>280,305,659</b>
<b>TOTAL ASSETS</b>	<b>408,198,580</b>	<b>431,939,491</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
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	121,696,536	137,707,582
<b>Equity attributable to owners of the Company</b>	<b>372,315,468</b>	<b>388,326,514</b>
Non-controlling interests	2,410,940	2,796,231
<b>Total equity</b>	<b>374,726,408</b>	<b>391,122,745</b>
<b>Non-current liabilities</b>		
Lease liabilities	411,682	558,951
Deferred tax liabilities	927,631	927,631
Bank borrowings	11,685,832	12,318,861
<b>Total non-current liabilities</b>	<b>13,025,145</b>	<b>13,805,443</b>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2023 (CONT'D)

	As at 31.3.2023 (Unaudited) RM	As at 30.9.2022 (Audited) RM
<b>Current liabilities</b>		
Trade payables	5,425,436	8,911,416
Other payables	11,794,271	11,097,676
Lease liabilities	349,052	374,205
Bank borrowings	1,311,841	1,290,592
Tax payable	1,566,427	5,337,414
<b>Total current liabilities</b>	<u>20,447,027</u>	<u>27,011,303</u>
<b>TOTAL LIABILITIES</b>	<u>33,472,172</u>	<u>40,816,746</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>408,198,580</u>	<u>431,939,491</u>
Net assets per share attributable to owners of the Company (sen)	<u>7.29</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 FINANCIAL PERIOD ENDED 31 MARCH 2023

	<----- Attributable To Owners of the Company ----->						
	Non-Distributable Irredeemable convertible preference shares		Distributable		Non- controlling interests	Total equity	
	Share capital RM	RM	Fair value reserve RM	Retained earnings RM			Total RM
<b>At 1 October 2022</b>	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	-	-	-	(16,011,046)	(16,011,046)	(385,291)	(16,396,337)
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Total comprehensive expense for the financial period	-	-	-	(16,011,046)	(16,011,046)	(385,291)	(16,396,337)
<b>Balance at 31 March 2023</b>	251,446,486	35,878	(863,432)	121,696,536	372,315,468	2,410,940	374,726,408
<b>At 1 October 2021</b>	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	-	-	-	83,680,877	83,680,877	7,819,323	91,500,200
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	83,680,877	83,680,877	7,819,323	91,500,200
<b>Transactions with owners:</b>							
Conversion of irredeemable convertible preference shares	83,550	(20,887)	-	-	62,663	-	62,663
Exercise of warrants	747,539	-	-	-	747,539	-	747,539
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	6,000,490	6,000,490
Acquisition of a subsidiary company	-	-	-	-	-	431,090	431,090
Disposal of subsidiary companies	-	-	-	-	-	(1,019,473)	(1,019,473)
Changes in subsidiaries's ownership interests that do not result in a loss of control	-	-	-	211,134	211,134	(3,611,224)	(3,400,090)
Dividend received by non-controlling interests	-	-	-	-	-	(8,388,000)	(8,388,000)
<b>Balance at 31 March 2022</b>	251,446,486	35,878	(863,432)	106,500,185	357,119,117	23,124,196	380,243,313

(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 FINANCIAL PERIOD ENDED 31 MARCH 2023

	Current Period Period-to-date 31.3.2023 RM	Preceding Period Period-to-date 31.3.2022 RM
<b>CASH FLOW FOR OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before taxation</b>	(15,634,428)	114,105,590
Adjustments for:		
Non-cash items	5,618,467	3,469,236
Non-operating items	1,994,431	(21,756,321)
<b>Operating (loss)/profit before working capital changes</b>	(8,021,530)	95,818,505
Net changes in inventories	(444,932)	(10,465,508)
Net changes in current assets	9,166,564	(76,734,199)
Net changes in current liabilities	(3,123,061)	(15,596,224)
<b>Cash for operations</b>	(2,422,959)	(6,977,426)
Interest paid	(353,208)	(291,728)
Income tax paid	(8,460,371)	(2,128,161)
<b>Net cash for operating activities</b>	(11,236,538)	(9,397,315)
<b>CASH FLOW (FOR)/FROM INVESTING ACTIVITIES</b>		
Net cash inflow/(outflow) from/for the acquisition of subsidiary companies	29,662	(5,076,434)
Repayment from a joint venture company	317	-
Advances to an associate company	(5,428)	-
Acquisition of non-controlling interests	-	(3,400,090)
Purchase of other investments	(1,001,325)	-
Interest received	429,188	495,561
Net cash inflow from the disposal of subsidiary companies	-	19,826,380
Proceeds from disposal of plant and equipment	-	409,999
Proceed from disposal of associate companies	-	3,100,001
Purchase of property, plant and equipment	(11,098,402)	(15,063,988)
Purchase of investment properties	(2,276,800)	-
Development costs paid	-	(3,589,943)
Investment in an associate company	-	(48,900)
Subscription by non-controlling interests in the shares of subsidiary companies	-	6,000,490
<b>Net cash (for)/from investing activities</b>	(13,922,788)	2,653,076
<b>CASH FLOW FROM/(FOR) FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	-	(8,388,000)
Repayment of bank borrowings	(611,780)	(8,187,440)
Release of fixed deposits pledged	2,319,629	4,405,557
Proceeds from issuance of shares	-	810,202
(Repayment)/Addition of lease liabilities	(197,824)	657,657
<b>Net cash from/(for) financing activities</b>	1,510,025	(10,702,024)
Net changes in cash and cash equivalents	(23,649,301)	(17,446,263)
Effects on exchange rate differences	97	-
Cash and cash equivalents at the beginning of the financial period	74,384,040	152,328,479
Cash and cash equivalents at the end of the financial period	50,734,836	134,882,216
<b>Analysis of cash and cash equivalents</b>		
Fixed deposits	2,596,823	9,421,195
Cash and bank balances	48,183,013	126,722,465
	50,779,836	136,143,660
Less: Fixed deposits pledged	(45,000)	(1,261,444)
	50,734,836	134,882,216

(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 March 2023	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	2,551	3,433	538	156	6,678	-	6,678
Inter-segment sales	-	-	-	-	-	-	-
Total sales	2,551	3,433	538	156	6,678	-	6,678
(Loss)/Profit before taxation	(2,860)	3,035	(14,893)	(916)	(15,634)	-	(15,634)
Segment assets	82,725	155,755	135,872	369,501	743,853	(335,654)	408,199
Segment liabilities	29,329	154,649	148,169	44,947	377,094	(343,622)	33,472

  

For the financial period ended 31 March 2022	Financial				Total RM'000	Adjustments and eliminations RM'000	Total RM'000
	Healthcare RM'000	Services RM'000	Gloves RM'000	Other RM'000			
Sales to external customer	156,263	1,431	35,888	(111)	193,471	-	193,471
Inter-segment sales	83	-	-	-	83	(83)	-
Total sales	156,346	1,431	35,888	(111)	193,554	(83)	193,471
Profit before tax	92,204	1,217	14,829	32,651	140,901	(26,795)	114,106
Segment assets	217,327	104,907	137,057	324,447	783,738	(310,766)	472,972
Segment liabilities	109,046	102,454	124,642	69,953	406,095	(313,366)	92,729

**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 were the material events during the current quarter ended 31 March 2023:-

- (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 ("ICSB") ("SSA 1") to undertake the proposed acquisition of 717,570 ordinary shares in Innov8tif Holdings Sdn Bhd ("Innov8tif Holdings") ("Sale Shares"), 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 and Universiti Tunku Abdul Rahman ("UTAR") ("UTAR MOU") to explore areas for cooperation in relation to UTAR Hospital Project.

The memorandum was 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 intended 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. Further to the announcement on 9 February 2023 where the said laboratory designs and layout plans were still pending approval from UTAR, the term of the UTAR MOU has subsequently expired on 10 May 2023. The Board announced that the parties have mutually decided not to renew the UTAR MOU and the UTAR MOU was deemed terminated on 10 May 2023. The plan to set-up a molecular laboratory in a space allocated at UTAR Hospital did not materialise despite the Group's efforts to finalise the plan with UTAR since August 2022;

**A10. Material events during the interim period (Cont'd)**

The following was the material event during the current quarter ended 31 March 2023 (cont'd):-

- (iii) On 13 February 2023, the Board announced that the Company has entered into a Shares Sale Agreement with CSH Alliance Berhad (“Vendor”) (“SSA 2”) 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 (“Proposed Acquisition of AEV”); and
- (iv) Reference made to the announcements made on 10 June 2022, 9 September 2022 and 9 December 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 March 2023, 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 March 2023:-

- (i) Reference made to the announcements made on 13 February 2023 and 16 February 2023 (“Announcements”) in relation to the SSA 2 for the Proposed Acquisition of AEV. Unless otherwise stated, defined terms used hereinafter, shall carry the same meanings as defined in the Announcements.

The Proposed Acquisition of AEV was conditional upon the fulfilment of the conditions precedent by the parties as set out in the SSA 2, amongst others, the conduct of a feasibility study on the Tanjung Malim Land by the Company to assess the suitability of the said land for the purpose of the Company’s Project Volt. Based on the preliminary land feasibility study conducted by the Company, the management was of the view that the Tanjung Malim Land was deemed to be unsuitable due to existing conditions of the land terrain which constrained the ideal size for both projects and their future expansion developments. Thus, the management has decided not to proceed with the Proposed Acquisition of AEV and will continue to source for other suitable locations for the purpose of the Project Volt’s site.

Pursuant to the above, the Board announced that the Company has on 13 April 2023 entered into a letter of termination with the Vendor and the parties have mutually agreed to terminate the SSA 2; and

- (ii) Reference made to the announcements made on 31 January 2023 and 7 February 2023 in relation to the SSA 1 for the Proposed Acquisition of Innov8tif Holdings.

SSA 1 has become unconditional on 2 May 2023 upon fulfillment of the conditions precedent by the parties under the SSA 1. The Company has paid a deposit in the sum of RM3,085,500 to ICSB under the SSA 1 and shall retain a sum of RM3,355,000 under the SSA 1, as security for the performance of the 12 months’ services by the key management personnel (“KMP”) in Innov8tif Holdings and its subsidiaries (“Innov8tif Group”). The Company and ICSB has also on 2 May 2023 executed a service agreement for the purposes of ensuring the KMP to remain with Innov8tif Group for a period of at least 3 years from the completion date of the SSA 1 and other terms to manage Innov8tif Group’s operations and to drive Innov8tif Group’s business growth. SSA 1 is currently pending the payment of balance consideration in the sum of RM24,414,500 by the Company to ICSB. In view thereof, The Company shall hold the beneficial interest of the 51% of the entire issued share capital of Innov8tif Holdings, notwithstanding that the balance consideration has yet to be paid to ICSB and the full legal title of these ordinary shares have yet to be fully vested unto and to Hong Seng (“Acquisition of Innov8tif Holdings”).

**A11. Material events subsequent to the end of the interim period (Cont'd)**

The following were the material events subsequent to the financial period ended 31 March 2023 (cont'd):-

- (ii) Further to the Acquisition of Innov8tif Holdings, the Board announced that the Company has on 12 May 2023 entered into a shares sale agreement with Revenue Group Berhad (“REVENUE”), to dispose the Sale Shares, representing 51% of the entire issued share capital in Innov8tif Holdings, to REVENUE for a total cash disposal consideration of RM36 million.

**A12. Changes in composition of the Group**

There were no changes in the composition of the Group for the financial period under review.

**A13. Capital commitments**

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

	<b>As at 31.3.2023 RM'000</b>
<b>Authorised and contracted for:</b>	
Renovation works	10,831
Sublease of land	33,519
Master Services and License Agreement	9,371
	<u>53,721</u>

**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 31.3.2023	Quarter ended 31.3.2022			Period ended 31.3.2023	Period ended 31.3.2022		
	RM'000	RM'000	Amount RM'000	%	Amount RM'000	Amount RM'000	Amount RM'000	%
Revenue	3,627	117,611	(113,984)	(96.9)	6,678	193,471	(186,793)	(96.5)
(Loss)/Profit before interest, tax and share of results of associates	(9,107)	62,786	(71,893)	(114.5)	(15,690)	113,435	(129,125)	(113.8)
(Loss)/Profit before interest and tax	(9,107)	63,254	(72,361)	(114.4)	(15,710)	113,902	(129,612)	(113.8)
(Loss)/Profit before tax	(9,009)	63,295	(72,304)	(114.2)	(15,634)	114,106	(129,740)	(113.7)
(Loss)/Profit after tax	(9,359)	48,178	(57,537)	(119.4)	(16,396)	91,500	(107,896)	(117.9)
(Loss)/Profit attributable to owners of the Company	(9,176)	42,297	(51,473)	(121.7)	(16,011)	83,681	(99,692)	(119.1)

Revenue

The Group recorded a lower revenue of RM3.6 million, decreased by 96.9% as compared to the financial quarter ended 31 March 2022 mainly due to the decrease in revenue from Healthcare and Glove segments. The revenue of Healthcare segment decreased by 98.4% while revenue of Gloves segment decreased by 98.5% as compared to the financial quarter ended 31 March 2022, as it continued to be impacted by persistent headwinds.

The decrease of revenue in Healthcare segment was primarily due to the significant reduction in revenue contribution from sales of COVID-19 test kits and providing laboratories services for COVID-19 PCR test. 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 decrease of revenue in Gloves segment was primarily due to the significant moderation of average selling price of gloves as well as lower sales volume. 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 RM1.6 million in the current quarter. This segment has extended RM139.0 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 the current quarter under review.

(Loss)/Profit before interest and tax (“PBIT”)

The Group’s PBIT for the current quarter was decreased by 114.4% to a loss of RM9.1 million as compared to the quarter ended 31 March 2022 due to the weaker performance in Healthcare segment and Gloves segment, mitigated by the improved performance in the Financial Services segment.

**B1. Review of performance (Cont'd)**

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

	Current	Immediate	Variances	
	quarter ended 31.3.2023 RM'000	quarter ended 31.12.2022 RM'000	Amount RM'000	%
Revenue	3,627	3,051	576	18.9
Loss before interest, tax and share of results of associates	(9,107)	(6,583)	2,524	38.3
Loss before interest and tax ("LBIT")	(9,107)	(6,603)	2,504	37.9
Loss before tax	(9,009)	(6,626)	2,383	36.0
Loss after tax	(9,359)	(7,037)	2,322	33.0
Loss attributable to owners of the Company	(9,176)	(6,836)	2,340	34.2

Revenue

The Group's revenue for the current quarter increased by RM0.6 million as compared to the immediate preceding quarter mainly due to the increase in sales in Gloves segment.

LBIT

The Group's LBIT for the current quarter increased by RM2.5 million as compared to the immediate preceding quarter mainly due to the written down of inventories in the Gloves segment in the current quarter.

**B2. Group's prospects**

The glove segment is facing higher operating costs, amongst others, inflationary pressure from increased gas tariffs as well as Malaysia's new minimum wage policy. Additionally, the oversupply of the global glove industry has intensified competition. Despite the expected long-term growth in global glove demand due to increased healthcare standards and hygiene awareness, leading glovemakers in Malaysia have received substantial negative revisions to this year's forecasts.

In contrast, the healthcare segment has seen normalised sales of Covid-19 test kits, and the Group has diversified into post-pandemic general healthcare-related products and services. This includes laboratory diagnostic services, genomics and biochemistry screening, distribution of other healthcare and pharmaceutical products, digital healthcare platform solutions, and smart healthcare logistic services.

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. To keep abreast of the ever-changing global trends, Hong Seng is constantly exploring initiatives and opportunities to diversify its business activities. The Group will continue to focus on effective cost management, accelerating the transformation into digitalisation and sustainability across its 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	Quarter ended	Period-to-date	Period-to-date
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- For the current financial period	(351)	(15,117)	(762)	(22,605)
- (Under)/Overprovision in the previous financial period	-	-	-	-
	(351)	(15,117)	(762)	(22,605)
Deferred tax expense:				
- For the current financial period	-	-	-	-
- (Under)/Overprovision in the previous financial period	-	-	-	-
	-	-	-	-
	(351)	(15,117)	(762)	(22,605)

**B6. Status of corporate proposal**

There were no corporate proposals announced but not completed as at 18 May 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 31.3.2023			As at 31.3.2022		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
<b>Secured</b>						
Lease liabilities	412	349	761	966	429	1,395
Bank borrowings	11,686	1,312	12,998	12,942	8,115	21,057
Total borrowings	<b>12,098</b>	<b>1,661</b>	<b>13,759</b>	<b>13,908</b>	<b>8,544</b>	<b>22,452</b>

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

The borrowings bear interest from 2.02% to 5.95% (31.3.2022: 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
		31.3.2023	31.3.2022	31.3.2023	31.3.2022
(Loss)/Profit attributable to owners of the Company	(RM'000)	(9,176)	42,297	(16,011)	83,681
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	5,107,679	5,108,417	5,106,845
Basic (loss)/earnings per share	(sen)	(0.18)	0.83	(0.31)	1.64

**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
		31.3.2023	31.3.2022	31.3.2023	31.3.2022
(Loss)/Profit attributable to owners of the Company	(RM'000)	(9,176)	42,297	(16,011)	83,681
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	5,107,679	5,108,417	5,106,845
Effects of dilution * :					
Effect of outstanding ICPS		-	2,870	-	2,870
Effect of outstanding warrants		-	1,702,062	-	1,702,062
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	6,812,611	5,108,417	6,811,777
Diluted (loss)/earnings per share	(sen)	(0.18)	0.62	(0.31)	1.23

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
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM	RM	RM	RM
Amortisation of intangible assets	-	750,000	-	1,500,000
Bad debts written off	3,200	-	3,200	-
Depreciation on property, plant and equipment	2,745,302	1,741,348	5,473,133	2,749,869
Impairment loss on trade receivables	67,368	-	134,980	-
Impairment loss on goodwill	-	-	2,245	-
Gain on disposal of property, plant and equipment	-	(30,750)	-	(30,750)
Property, plant and equipment written off	-	-	-	27,563
Reversal of impairment loss on trade receivables	(9,549)	(24,956)	(9,549)	(260,986)
Reversal of inventories written down	-	(53,013)	-	(53,013)
Inventories written down	2,065,987	-	2,065,987	-
Interest expenses	177,474	136,945	353,208	291,728
Gain on disposal of subsidiaries	-	(6,153,971)	-	(19,978,153)
Gain on disposal of associates	-	(1,571,148)	-	(1,571,148)
Gain on derecognition of lease contract	(1,021)	-	(1,021)	-
Gain on unrealised foreign exchange	(99)	-	(99)	-
Loss on unrealised foreign exchange	108	-	2	-
Interest income	(276,035)	(178,210)	(429,188)	(495,561)

**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.