

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED  
30 JUNE 2023**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Period	Current Period	Preceding Period
		Quarter 30.6.2023 RM	Quarter <sup>(i)</sup> 30.6.2022 RM	Period-to-date 30.6.2023 RM	Period-to-date <sup>(i)</sup> 30.6.2022 RM
Revenue		3,797,534	-	10,475,298	-
Cost of sales		(10,781,323)	-	(26,060,658)	-
Gross loss		(6,983,789)	-	(15,585,360)	-
Other income		5,208,589	-	5,293,717	-
Interest income		191,237	-	620,425	-
Net impairment loss on financial assets		(401,648)	-	(527,079)	-
Selling and distribution expenses		(64,784)	-	(134,019)	-
Administration expenses		(4,163,323)	-	(11,137,175)	-
Other expenses		(7,714)	-	(13,161)	-
Finance costs		(173,635)	-	(526,843)	-
Share of loss of an associate company		-	-	(20,000)	-
Loss before taxation		(6,395,067)	-	(22,029,495)	-
Tax expense		(396,963)	-	(1,158,872)	-
Loss after taxation		(6,792,030)	-	(23,188,367)	-
Other comprehensive income		-	-	-	-
Total comprehensive expense for the financial period		(6,792,030)	-	(23,188,367)	-
<b>Loss after taxation attributable to:-</b>					
Owners of the Company		(6,595,884)	-	(22,606,930)	-
Non-controlling interests		(196,146)	-	(581,437)	-
		(6,792,030)	-	(23,188,367)	-
<b>Total comprehensive expense attributable to:-</b>					
Owners of the Company		(6,595,884)	-	(22,606,930)	-
Non-controlling interests		(196,146)	-	(581,437)	-
		(6,792,030)	-	(23,188,367)	-
Loss per share attributable to equity holders of the Company (sen)					
- Basic	<b>B10.1</b>	(0.13)	-	(0.44)	-
- Diluted	<b>B10.2</b>	(0.13)	-	(0.44)	-

Notes:

- (i) In view of the change of financial year end from 12 months ending 30 September 2023 to 18 months ending 31 March 2024, there are no comparative figures for the preceding period quarter and preceding period-to-date. The current reporting financial period is for a period of 9 months, made up from 1 October 2022 to 30 June 2023.
- (ii) 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 30 JUNE 2023

	As at 30.6.2023 (Unaudited) RM	As at 30.9.2022 (Audited) RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	137,665,949	131,691,143
Investment properties	2,263,194	-
Investment in an associate company	-	20,000
Goodwill on consolidation	6,090,704	6,083,027
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>	<u>156,541,205</u>	<u>151,633,832</u>
<b>Current assets</b>		
Inventories	179,693,396	23,915,967
Trade receivables	139,197,363	166,229,641
Other receivables	17,246,255	14,358,821
Amount due from a joint venture company	-	53,117
Amount due from an associate	274,901	269,473
Tax recoverable	5,210,415	1,049,600
Short term investments	9,200,000	-
Fixed deposits with licensed banks	204,487	247,818
Cash and bank balances	37,592,377	74,181,222
<b>Total current assets</b>	<u>388,619,194</u>	<u>280,305,659</u>
<b>TOTAL ASSETS</b>	<u><b>545,160,399</b></u>	<u><b>431,939,491</b></u>
<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	118,657,835	137,707,582
<b>Equity attributable to owners of the Company</b>	<u>369,276,767</u>	<u>388,326,514</u>
Non-controlling interests	13,657,611	2,796,231
<b>Total equity</b>	<u>382,934,378</u>	<u>391,122,745</u>
<b>Non-current liabilities</b>		
Lease liabilities	337,096	558,951
Deferred tax liabilities	927,631	927,631
Bank borrowings	11,367,596	12,318,861
<b>Total non-current liabilities</b>	<u>12,632,323</u>	<u>13,805,443</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2023 (CONT'D)

	As at 30.6.2023 (Unaudited) RM	As at 30.9.2022 (Audited) RM
<b>Current liabilities</b>		
Trade payables	62,472,534	8,911,416
Other payables	75,475,248	11,097,676
Contract liabilities	7,387,308	-
Lease liabilities	301,970	374,205
Bank borrowings	1,316,238	1,290,592
Deferred income	1,551,220	-
Tax payable	1,089,180	5,337,414
<b>Total current liabilities</b>	<u>149,593,698</u>	<u>27,011,303</u>
<b>TOTAL LIABILITIES</b>	<u>162,226,021</u>	<u>40,816,746</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>545,160,399</u>	<u>431,939,491</u>
Net assets per share attributable to owners of the Company (sen)	<u>7.23</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 30 JUNE 2023

	<----- Attributable To Owners of the Company ----->						
	Non-Distributable		Distributable		Total	Non-controlling interests	
	Share capital	Irredeemable convertible preference shares	Fair value reserve	Retained earnings			RM
	RM	RM	RM	RM	RM	RM	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	-	-	-	(22,606,930)	(22,606,930)	(581,437)	(23,188,367)
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Total comprehensive expense for the financial period	-	-	-	(22,606,930)	(22,606,930)	(581,437)	(23,188,367)
<b>Transactions with owners:</b>							
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	3,557,183	3,557,183	11,442,817	15,000,000
<b>Balance at 30 June 2023</b>	251,446,486	35,878	(863,432)	118,657,835	369,276,767	13,657,611	382,934,378

Notes:

- (i) In view of the change of financial year end from 12 months ending 30 September 2023 to 18 months ending 31 March 2024, there is no comparative figure for the preceding period-to-date. The current reporting financial period is for a period of 9 months, made up from 1 October 2022 to 30 June 2023.
- (ii) 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 30 JUNE 2023

	Current Period Period-to-date 30.6.2023 RM	Preceding Period Period-to-date <sup>(i)</sup> 30.6.2022 RM
<b>CASH FLOW FOR OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	(22,029,495)	-
Adjustments for:		
Non-cash items	8,723,850	-
Non-operating items	(2,595,324)	-
<b>Operating loss before working capital changes</b>	<u>(15,900,969)</u>	-
Net changes in inventories	2,482,398	-
Net changes in receivables	29,262,485	-
Net changes in payables	(38,217,473)	-
Net changes in contract liabilities	(20,755)	-
<b>Cash for operations</b>	<u>(22,394,314)</u>	-
Interest paid	(526,843)	-
Income tax paid	(9,566,395)	-
<b>Net cash for operating activities</b>	<u>(32,487,552)</u>	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net cash inflow from the acquisition of subsidiary companies	590,006	-
Repayment from a joint venture company	317	-
Advances to an associate company	(5,428)	-
Purchase of other investments	(1,001,325)	-
Interest received	620,425	-
Proceeds from the disposal of plant and equipment	163,409	-
Net proceeds from the disposal of an investment	5,145,000	-
Purchase of property, plant and equipment	(14,286,056)	-
Purchase of investment properties	(2,276,800)	-
Subscription by non-controlling interests in the shares of subsidiary companies	15,000,000	-
<b>Net cash from investing activities</b>	<u>3,949,548</u>	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(925,619)	-
Release of fixed deposits pledged	2,319,629	-
Repayment of lease liabilities	(290,268)	-
<b>Net cash from financing activities</b>	<u>1,103,742</u>	-

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

	Current Period Period-to-date 30.6.2023 RM	Preceding Period Period-to-date <sup>(i)</sup> 30.6.2022 RM
Net changes in cash and cash equivalents	(27,434,262)	-
Effects on exchange rate differences	2,086	-
Cash and cash equivalents at the beginning of the financial period	74,384,040	-
Cash and cash equivalents at the end of the financial period	<u>46,951,864</u>	<u>-</u>
<b>Analysis of cash and cash equivalents</b>		
Short terms investments	9,200,000	-
Fixed deposits	204,487	-
Cash and bank balances	<u>37,592,377</u>	<u>-</u>
	46,996,864	-
Less: Fixed deposits pledged	<u>(45,000)</u>	<u>-</u>
	<u>46,951,864</u>	<u>-</u>

Notes:

- (i) In view of the change of financial year end from 12 months ending 30 September 2023 to 18 months ending 31 March 2024, there is no comparative figure for the preceding period-to-date. The current reporting financial period is for a period of 9 months, made up from 1 October 2022 to 30 June 2023.
- (ii) 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. Change in Financial Year End**

As announced on 21 July 2023, the Group has changed its financial year end from 30 September to 31 March. Accordingly, the current financial period covers an eighteen (18)-month period from 1 October 2022 to 31 March 2024.

**A2. 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.

**A3. 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.

**A4. 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.

**A5. 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.

**A6. 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.

**A7. Debts and equity securities**

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

**A8. Dividends paid**

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



**A9. Segmental information**

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

For the financial period ended 30 June 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	3,647	5,060	1,592	176	10,475	-	10,475
Inter-segment sales	-	-	-	-	-	-	-
Total sales	3,647	5,060	1,592	176	10,475	-	10,475
(Loss)/Profit before taxation	(6,333)	4,476	(23,813)	3,641	(22,029)	-	(22,029)
Segment assets	80,336	138,511	128,930	542,517	890,294	(345,134)	545,160
Segment liabilities	32,424	136,342	52,645	211,417	432,828	(270,602)	162,226

For the financial period ended 30 June 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	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-
Total sales	-	-	-	-	-	-	-
Profit before tax	-	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-

\*\* In view of the change of financial year end from 30 September 2023 to 31 March 2024, there is no comparative figure for the preceding period-to-date.

**A10. Valuation of property, plant and equipment**

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

**A11. Material events during the interim period**

The following were the material events during the current quarter ended 30 June 2023:-

- (i) Reference made to the announcements made on 13 February 2023 and 16 February 2023 (“Announcements”) in relation to a Shares Sales Agreement with CSH Alliance Berhad (“SSA 1”) for the proposed acquisition of the entire equity interest in Alliance EV Sdn. Bhd. (“AEV”) for a total cash purchase consideration of RM20,000,000 (“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 1, 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 of Directors of Hong Seng (“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 1.

**A11. Material events during the interim period (Cont'd)**

The following were the material events during the current quarter ended 30 June 2023 (cont'd):-

- (ii) Reference made to announcements made on 10 November 2021, 9 February 2022, 9 May 2022, 9 August 2022, 9 November 2022 and 9 February 2023 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 term of the UTAR MOU has 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;

- (iii) Reference made to the announcements made on 31 January 2023 and 7 February 2023 in relation to a Shares Sale Agreement entered between Innov8tif Consortium Sdn. Bhd. (“ICSB”) and the Company (“SSA 2”) to undertake the proposed acquisition of 717,750 ordinary shares in Innov8tif Holdings Sdn. Bhd. (“Innov8tif Holdings”), representing 51% of the entire issued share capital in Innov8tif Holdings (“Sale Shares”), for a total cash purchase consideration of RM30,855,000 (“Acquisition of Innov8tif Holdings”).

SSA 2 has become unconditional on 2 May 2023 upon fulfillment of the conditions precedent by the parties under the SSA 2. The Company has paid a deposit in the sum of RM3,085,500 to ICSB under the SSA 2 and shall retain a sum of RM3,355,000 under the SSA 2, 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 2 and other terms to manage Innov8tif Group’s operations and to drive Innov8tif Group’s business growth. On 2 May 2023, SSA 2 was 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 Sale Shares, 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 the Company.

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 to REVENUE for a total cash disposal consideration of RM36 million; and

- (iv) Reference made to the announcements made on 10 June 2022, 9 September 2022 and 9 March 2023 for the memorandum of understanding entered with EoCell Inc. (“EoCell MOU”) relating to the project whereby the parties intend 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 (“Project”).

Pursuant to the EoCell MOU, the Company has actively and cautiously sourced for a suitable land for the project site which was in compliance with the stringent standards and requirements for batteries manufacturing and its related industries. However, despite the Company’s efforts, the search for an appropriate site has exceeded the initial expectations of the parties due to unforeseen challenges and complexities in identifying a location that satisfied all the necessary criteria. In light of the above and the term of the EoCell MOU has expired on 9 June 2023, the parties have mutually agreed to put the Project on hold and decided not to renew the EoCell MOU. Thus, the EoCell MOU was deemed terminated on 9 June 2023. The parties will continue to update each other periodically with the aim of possibly reviving said Project in the near future or collaborating in some other manner or form.

**A12. Material events subsequent to the end of the interim period**

The following were the material events subsequent to the financial period ended 30 June 2023:-

- (i) On 14 July 2023, the Board announced that the Company has via off markets acquired 402,057,900 ordinary shares in Classita Holdings Berhad (formerly known as Caely Holdings Berhad) (“Classita”), representing 32.61% equity interest in Classita for a total cash purchase consideration of RM60,308,685 (“Investment”). Subsequent to the Investment, the Company has become a major shareholder of Classita;
- (ii) On 21 July 2023, the Board announced that the Group has changed its financial year end from 30 September to 31 March.

**A13. 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 6 June 2023, the Company has entered into a shares sale agreement with Falcon Odyssey Sdn. Bhd. to dispose 15,000,000 ordinary shares in Hong Seng Gloves Sdn. Bhd. (“HSG”), representing 15% equity interest in HSG for a total cash disposal consideration of RM15,000,000. The disposal has been completed on 20 June 2023. Consequently, the Company’s equity interest in HSG has decreased from 100% to 85% and HSG remained as a subsidiary of the Company.
- (ii) On 9 June 2023, HS Bio Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a shares sale agreement with Harvest Miracle Capital Berhad to acquire 59,240,000 ordinary shares in Paris Dynasty land Sdn. Bhd. (“PDLSB”), representing the entire equity interest in PDLSB for a total cash purchase consideration of RM100. The acquisition has been completed on 19 June 2022. Consequently, PDLSB becomes a wholly-owned subsidiary of the Group.

**A14. Capital commitments**

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

	<b>As at 30.6.2023 RM'000</b>
<b>Authorised and contracted for:</b>	
Renovation works	7,512
Sublease of land	33,519
Master Services and License Agreement	9,371
	<u>50,402</u>

**A15. 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		
	30.6.2023 RM'000	30.6.2022 RM'000	Amount RM'000	%	30.6.2023 RM'000	30.6.2022 RM'000	Amount RM'000	%
Revenue	3,798	**	N/A	-	10,475	-	N/A	-
Loss before interest, tax and share of results of associates	(6,413)	-	N/A	-	(22,103)	-	N/A	-
Loss before interest and tax	(6,413)	-	N/A	-	(22,123)	-	N/A	-
Loss before tax	(6,395)	-	N/A	-	(22,029)	-	N/A	-
Loss after tax	(6,792)	-	N/A	-	(23,188)	-	N/A	-
Loss attributable to owners of the Company	(6,596)	-	N/A	-	(22,607)	-	N/A	-

\*\* In view of the change of financial year end from 30 September 2023 to 31 March 2024, there are no comparative figures for the preceding period quarter and preceding period-to-date.

Revenue

Revenue for the current quarter under review mainly derived from Healthcare segment and Financial Services segment.

The Healthcare segment consists of providing laboratory diagnostic services, genomics and biochemistry screening, distribution of other healthcare and pharmaceutical products, digital healthcare platform solutions, and smart healthcare logistic services. The Healthcare segment has contributed revenue of RM1.1 million or 28.9% in the current quarter and RM3.6 million or 34.8% in the financial period-to-date.

The Financial Services segment consists of moneylending business which contributed revenue of RM1.6 million or 42.8% in the current quarter and RM5.1 million or 48.3% in the financial period-to-date. This segment has extended a total of RM123.3 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 before interest and tax (“LBIT”)

The Group recorded a gross loss of RM7.0 million in the current quarter and RM15.6 million in the financial period-to-date mainly due to stiff competition in the Gloves segment couple with rising labour and overhead costs.

In addition, the Group recorded LBIT of RM6.4 million in the current quarter and RM22.1 million in the financial period-to-date mainly due to reasons stated above as well as weak performance in the Healthcare segment.

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

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

	Current quarter ended 30.6.2023 RM'000	Immediate preceding quarter ended 31.3.2023 RM'000	Variances	
			Amount RM'000	%
Revenue	3,798	3,627	171	4.7
Loss before interest, tax and share of results of associates	(6,413)	(9,107)	(2,694)	(29.6)
Loss before interest and tax	(6,413)	(9,107)	(2,694)	(29.6)
Loss before tax	(6,395)	(9,009)	(2,614)	(29.0)
Loss after tax	(6,792)	(9,359)	(2,567)	(27.4)
Loss attributable to owners of the Company	(6,596)	(9,176)	(2,580)	(28.1)

Revenue

The Group's revenue for the current quarter increased by RM0.2 million as compared to the immediate preceding quarter mainly due to the contribution from Financial Services segment and Gloves segment.

LBIT

The Group's LBIT for the current quarter decreased by RM2.7 million as compared to the immediate preceding quarter mainly due to a gain from the disposal of an investment 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 period ending 31 March 2024 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
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:		**		**
- For the current financial period	(377)	-	(1,139)	-
- Underprovision in the previous financial period	(20)	-	(20)	-
	(397)	-	(1,159)	-
Deferred tax expense:				
- For the current financial period	-	-	-	-
- (Under)/Overprovision in the previous financial period	-	-	-	-
	-	-	-	-
	(397)	-	(1,159)	-

\*\* In view of the change of financial year end from 30 September 2023 to 31 March 2024, there are no comparative figures for the preceding period quarter and preceding period-to-date.

**B6. Status of corporate proposal**

There were no corporate proposals announced but not completed as at 21 August 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 30.6.2023			As at 30.9.2022		
	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	337	302	639	559	374	933
Bank borrowings	11,368	1,316	12,684	12,319	1,291	13,610
Total borrowings	11,705	1,618	13,323	12,878	1,665	14,543

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% (30.9.2022: 2.02% to 5.95%) 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 per share**

**10.1 Basic loss per share**

The basis loss per share is calculated by dividing the loss 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
		30.6.2023	30.6.2022	30.6.2023	30.6.2022
			**		**
Loss attributable to owners of the Company	(RM'000)	(6,596)	-	(22,607)	-
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	-	5,108,417	-
Basic loss per share	(sen)	(0.13)	-	(0.44)	-

**10.2 Diluted loss per share**

The diluted loss per share is calculated by dividing the loss 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
		30.6.2023	30.6.2022	30.6.2023	30.6.2022
			**		**
Loss attributable to owners of the Company	(RM'000)	(6,596)	-	(22,607)	-
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	-	5,108,417	-
Effects of dilution * :					
Effect of outstanding ICPS		-	-	-	-
Effect of outstanding warrants		-	-	-	-
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	-	5,108,417	-
Diluted loss per share	(sen)	(0.13)	-	(0.44)	-

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 per share. As a result, the dilutive loss per share is the same as basic loss per share.

\*\* In view of the change of financial year end from 30 September 2023 to 31 March 2024, there are no comparative figures for the preceding period quarter and preceding period-to-date.

**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 30.6.2023 RM	Quarter ended 30.6.2022 RM **	Period-to-date 30.6.2023 RM	Period-to-date 30.6.2022 RM **
Bad debts written off	3,063	-	6,263	-
Depreciation on property, plant and equipment	2,705,724	-	8,178,857	-
Impairment loss on trade receivables	419,354	-	554,334	-
Impairment loss on goodwill	-	-	2,245	-
Inventories written down	414,523	-	2,480,510	-
Inventories written off	161,859	-	161,859	-
Interest expenses	173,635	-	526,843	-
Loss on disposal of plant and equipment	425	-	425	-
Loss on unrealised foreign exchange	498	-	500	-
Plant and equipment written off	2,854	-	2,854	-
Reversal of impairment loss on trade receivables	(17,706)	-	(27,255)	-
Gain on disposal of plant and equipment	(9,482)	-	(9,482)	-
Gain on disposal of an investment	(5,145,000)	-	(5,145,000)	-
Gain on derecognition of lease contract	(395)	-	(1,416)	-
Gain on unrealised foreign exchange	(2,487)	-	(2,586)	-
Interest income	(191,237)	-	(620,425)	-

\*\* In view of the change of financial year end from 30 September 2023 to 31 March 2024, there are no comparative figures for the preceding period quarter and preceding period-to-date.

**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.