



# **HLT GLOBAL BERHAD**

(Company No: 1163324-H)  
(Incorporated in Malaysia)

Year 2017

Quarterly Announcement

For the Fourth Quarter Ended 31 December 2017

# HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017<sup>(1)</sup>

|  | Note | --- Individual Quarter ---                                      |   | --- Cumulative Quarter ---                                       |  |
|--|------|---|---|--|--|
|  |      | Unaudited<br>Current<br>year<br>quarter<br>31.12.2017<br>RM'000 | Unaudited<br>Preceding<br>year<br>quarter<br>31.12.2016<br>RM'000 | Unaudited<br>Current<br>year-<br>to-date<br>31.12.2017<br>RM'000 | Audited<br>Preceding<br>year-<br>to-date<br>31.12.2016<br>RM'000 |
| Revenue  | A9   | 9,101   | 15,643  | 44,823   | 78,482   |
| Cost of sales  |      | (10,977)  | (14,059)  | (45,501)   | (66,898)   |
| Gross (loss)/profit  |      | (1,876)   | 1,584   | (678)  | 11,584   |
| Other operating income   |      | 90  | 157   | 348  | 614  |
| Selling and distribution expenses                              |      | (179)   | (186)   | (360)  | (366)  |
| Administrative and other expenses                              |      | (2,248)   | (3,282)   | (5,535)  | (5,847)  |
| Finance costs  |      | (6)   | (5)   | (9)  | (9)  |
| (Loss)/Profit before taxation                                  |      | (4,219)   | (1,732)   | (6,234)  | 5,976  |
| Income tax expense   | B4   | -   | (9)   | -  | (72)   |
| (Loss)/Profit after taxation                                   |      | (4,219)   | (1,741)   | (6,234)  | 5,904  |
| Other comprehensive income                                     |      | -   | -   | -  | -  |
| Total comprehensive (expenses)/income for the financial period |      | (4,219)   | (1,741)   | (6,234)  | 5,904  |
| (Loss)/Profit after taxation attributable to:                  |      |   |   |  |  |
| - Owners of the Company  |      | (4,219)   | (1,741)   | (6,234)  | 5,904  |
| Total comprehensive (expenses)/income attributable to:         |      |   |   |  |  |
| - Owners of the Company  |      | (4,219)   | (1,741)   | (6,234)  | 5,904  |
| (Loss)/Earning per share (sen):                                |      |   |   |  |  |
| - Basic <sup>(2)</sup>   | B12  | (1.53)  | (0.78)  | (2.34)   | 2.63   |
| - Diluted <sup>(3)</sup>                                       | B12  | (1.53)  | (0.78)  | (2.34)   | 2.63   |

### Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic (loss)/earnings per share for the individual quarter 31 December 2016 and cumulative quarter 31 December 2016 is calculated based on the ordinary shares in issue of 224,330,000 after the acquisition by HLT Global Berhad ("HLT Global") of the entire issued and paid up capital of HL Advance Technologies (M) Sdn. Bhd. ("HL Advance") but before public issue.
- (3) Diluted (loss)/earnings per share of the Company for the individual quarter 31 December 2016 and cumulative quarter 31 December 2016 is equivalent to the basic (loss)/earnings per share as the potential conversion of employee share options are anti-dilutive as their exercise price is same as the issue price of the Company's new ordinary shares in conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 10 January 2017. Accordingly, the exercise of employee share options have been ignored in the calculation of dilutive (loss)/earnings per share.

# HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017<sup>(1)</sup>

|  |    | Unaudited<br>As at<br>31.12.2017<br>RM'000 | Audited<br>As at<br>31.12.2016<br>RM'000 |
|--|----|--|--|
| <b>ASSETS</b>                              |    |  |  |
| <b>NON-CURRENT ASSET</b>                   |    |  |  |
| Property, plant and equipment              |    | 5,382                                      | 5,867                                    |
| <b>CURRENT ASSETS</b>                      |    |  |  |
| Inventories                                |    | 5,763                                      | 4,057                                    |
| Amount owing by contract customers         |    | 12,726                                     | 31,242                                   |
| Trade receivables                          | B5 | 26,464                                     | 16,897                                   |
| Other receivables, deposits and prepayment |    | 2,039                                      | 1,543                                    |
| Tax recoverable                            |    | 117  | 178                                      |
| Fixed deposits with licensed banks         |    | 10,202                                     | 5,364                                    |
| Cash and bank balances                     |    | 9,386                                      | 834                                      |
|  |    | 66,697                                     | 60,115                                   |
| <b>TOTAL ASSETS</b>                        |    | <b>72,079</b>                              | <b>65,982</b>                            |
| <b>EQUITY AND LIABILITIES</b>              |    |  |  |
| <b>EQUITY</b>                              |    |  |  |
| Share capital                              |    | 40,465                                     | 22,433                                   |
| Share premium                              |    | -  | -  |
| Merger deficit                             |    | (22,033)                                   | (22,033)                                 |
| Share option reserve                       |    | 83   | 357                                      |
| Retained profits                           |    | 25,788                                     | 34,768                                   |
| <b>TOTAL EQUITY</b>                        |    | <b>44,303</b>                              | <b>35,525</b>                            |
| <b>NON-CURRENT LIABILITY</b>               |    |  |  |
| Term loan                                  | B9 | 1,155                                      | 1,295                                    |
| <b>CURRENT LIABILITIES</b>                 |    |  |  |
| Amount owing to contract customers         |    | 6,886                                      | 3,653                                    |
| Trade payables                             |    | 15,428                                     | 22,730                                   |
| Other payables and accruals                |    | 4,226                                      | 2,702                                    |
| Term loan                                  | B9 | 81   | 77                                       |
|  |    | 26,621                                     | 29,162                                   |
| <b>TOTAL LIABILITIES</b>                   |    | <b>27,776</b>                              | <b>30,457</b>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>        |    | <b>72,079</b>                              | <b>65,982</b>                            |
| Net assets per share (RM)                  |    | 0.11                                       | 0.16                                     |

### Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

# HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017<sup>(1)</sup>

| Note  | ← Non-Distributable →   |                         |                          |                                | Distributable              |                        |
|---|-------------------------|-------------------------|--------------------------|--------------------------------|----------------------------|------------------------|
|   | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Merger Deficit<br>RM'000 | Share Option Reserve<br>RM'000 | Retained Profits<br>RM'000 | Total Equity<br>RM'000 |
| Balance at 1 January 2017   | 22,433                  | -                       | (22,033)                 | 357                            | 34,768                     | 35,525                 |
| Loss after taxation/Total comprehensive expenses for the financial year | -                       | -                       | -                        | -                              | (6,234)                    | (6,234)                |
| Contributions by and distribution to owners of the Company:             |                         |                         |                          |                                |                            |                        |
| Issuance of ordinary shares pursuant to:                                |                         |                         |                          |                                |                            |                        |
| - Listing   | 3,959                   | 13,857                  | -                        | -                              | -                          | 17,816                 |
| - Employees' share options exercised                                    | 691                     | -                       | -                        | -                              | -                          | 691                    |
| - Bonus issue   | 13,273                  | (13,177)                | -                        | -                              | (96)                       | -                      |
| Share issuance expenses in relation to:                                 |                         |                         |                          |                                |                            |                        |
| - Listing <sup>(2)</sup>  | -                       | (680)                   | -                        | -                              | -                          | (680)                  |
| - Bonus issue   | (165)                   | -                       | -                        | -                              | -                          | (165)                  |
| Dividends   | A8                      | -                       | -                        | -                              | (2,650)                    | (2,650)                |
| Total transactions with owners  | 17,758                  | -                       | -                        | -                              | (2,746)                    | 15,012                 |
| Transfer to share capital for employee's share options exercised        | 274                     | -                       | -                        | (274)                          | -                          | -                      |
| Balance at 31 December 2017   | 40,465                  | -                       | (22,033)                 | 83                             | 25,788                     | 44,303                 |
| Balance at 1 January 2016   | 400                     | -                       | -                        | -                              | 28,864                     | 29,264                 |
| Profit after taxation/Total comprehensive income for the financial year | -                       | -                       | -                        | -                              | 5,904                      | 5,904                  |
| Contributions by and distribution to owners of the Company:             |                         |                         |                          |                                |                            |                        |
| - Issuance of shares  | 22,433                  | -                       | -                        | -                              | -                          | 22,433                 |
| - Adjustment on the acquisition of HL Advance                           | (400)                   | -                       | (22,033)                 | -                              | -                          | (22,433)               |
| Total transactions with owners  | 22,033                  | -                       | (22,033)                 | -                              | -                          | -                      |
| Equity-settled share-based payment                                      | -                       | -                       | -                        | 357                            | -                          | 357                    |
| Balance at 31 December 2016   | 22,433                  | -                       | (22,033)                 | 357                            | 34,768                     | 35,525                 |

### Note:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.
- (2) Share issuance expenses in relation to listing of approximately RM0.680 million for the issuance of new HLT Global shares were written-off against the share premium account under Section 60 of the Companies Act, 1965.

# HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017<sup>(1)</sup>

|   | Unaudited<br>Current<br>year-to-date<br>31.12.2017<br>RM'000 | Audited<br>Preceding<br>year-to-date<br>31.12.2016<br>RM'000 |
|---|--|--|
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>             |  |  |
| (Loss)/Profit before taxation                                 | (6,234)  | 5,976  |
| Adjustments for:-   |  |  |
| Depreciation of property, plant and equipment                 | 580  | 765  |
| Equity-settled share-based payment                            | -  | 357  |
| Impairment loss on trade receivables                          | 261  | -  |
| Interest expense  | 9  | 9  |
| Listing expenses  | 295  | 1,295  |
| Unrealised loss/(gain) on foreign exchange                    | 348  | (426)  |
| Interest income   | (344)  | (183)  |
| Operating (loss)/profit before working capital changes        | (5,085)  | 7,793  |
| Increase in inventories                                       | (1,706)  | (1,442)  |
| Net decrease/(increase) in amount owing by contract customers | 21,749   | (4,164)  |
| Increase in trade and other receivables                       | (10,325)   | (8,654)  |
| (Decrease)/Increase in trade and other payables               | (4,914)  | 3,168  |
| <b>CASH FOR OPERATIONS</b>                                    | (281)  | (3,299)  |
| Income tax paid   | (77)   | (86)   |
| Income tax refunded   | 138  | -  |
| Interest received   | 344  | 183  |
| Interest paid   | (9)  | (9)  |
| <b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>               | 115  | (3,211)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |  |  |
| Purchase of equipment   | (95)   | (257)  |
| Withdrawal of deposits pledged to licensed bank               | 5,364  | 834  |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                     | 5,269  | 577  |
| <b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>             |  |  |
| Dividend paid   | (2,650)  | -  |
| Payment of bonus issue of shares transaction costs            | (165)  | -  |
| Payment of listing expenses                                   | (1,767)  | (355)  |
| Proceeds from exercise of share options                       | 691  | -  |
| Proceeds from issuance of shares                              | 17,816   | -  |
| Repayment of term loan  | (136)  | (136)  |
| <b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>               | 13,789   | (491)  |

# HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017<sup>(1)</sup> (CONT'D)

|  | Unaudited<br>Current<br>year-to-date<br>31.12.2017<br>RM'000 | Audited<br>Preceding<br>year-to-date<br>31.12.2016<br>RM'000 |
|--|--|--|
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS         | 19,173   | (3,125)  |
| EFFECTS OF FOREIGN EXCHANGE TRANSLATION                      | (419)  | 54   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | 834  | 3,905  |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR   | 19,588   | 834  |
| Cash and cash equivalents comprise the following:            |  |  |
| - Cash and bank balances                                     | 9,386  | 834  |
| - Fixed deposits with a licensed bank                        | 10,202   | 5,364  |
|  | 19,588   | 6,198  |
| Less: Deposits pledged to a licensed bank                    | -  | (5,364)  |
|  | 19,588   | 834  |

**Notes:-**

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.*

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

The interim financial report of HLT Global Berhad (“**HLT Global**” or “**the Company**”) and its subsidiary (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

**A2. Changes in accounting policies**

During the financial year ended 31 December 2017, the Group has adopted the following new accounting standards and/ or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including the Consequential Amendments)**

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets and Unrealised Losses

Annual improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 12: Clarification of the Scope of Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on this interim financial report.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for this interim financial report:-

| <b>MFRSs (Including The Consequential Amendments)</b>   | <b>Effective Date</b>         |
|---|-------------------------------|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)   | 1 January 2018                |
| MFRS 15 Revenue from Contracts with Customers   | 1 January 2018                |
| MFRS 16 Leases  | 1 January 2019                |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration  | 1 January 2018                |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions                                  | 1 January 2018                |
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts                               | 1 January 2018*               |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |
| Amendments to MFRS 15: Effective Date of MFRS 15  | 1 January 2018                |
| Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’                                  | 1 January 2018                |
| Amendments to MFRS 140 – Transfers of Investment Property   | 1 January 2018                |

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT (CONT'D)

A2. Changes in accounting policies (Cont'd)

| MFRSs (Including The Consequential Amendments) | Effective Date |
|--|----------------|
|--|----------------|

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- |   |                |
|---|----------------|
| <ul style="list-style-type: none"><li>Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters</li><li>Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value</li></ul> | 1 January 2018 |
|---|----------------|

\* *Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on this interim financial report upon its initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)**

**A3. Auditors’ Report of preceding annual financial statements**

The preceding year’s audited financial statements of the Group were not subject to any qualification.

**A4. Seasonal or cyclical factors**

The Group’s operations were not significantly affected by any seasonal or cyclical factor during the current financial quarter under review.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date under review.

**A6. Material changes in estimates**

There were no material changes in estimates in the current financial quarter under review.

**A7. Debt and equity securities**

During the financial year ended 31 December 2017, the Company:-

- (a) issuance of 39,591,000 new ordinary shares at an issue price of RM0.45 per share by HLT Global pursuant to its listing on the ACE Market of Bursa Securities.
- (b) issuance of 1,535,000 new ordinary shares at an issue price of RM0.45 per share arising from the exercise of options under the Company’s Employee Share Option Scheme (“ESOS”).
- (c) bonus issue of 132,727,999 new ordinary shares in the Company on the basis of one bonus ordinary shares for two existing ordinary shares held on 22 December 2017.

During the financial year, 199,091,998 warrants were issued. As at the end of the reporting period, no warrants were exercised for conversion into shares.

Other than as disclosed as above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter and year ended 31 December 2017.

**A8. Dividends paid**

A first interim single-tier dividend of 1.00 sen per ordinary share totalling RM2,650,060 in respect of the financial year ended 31 December 2017 was declared on 25 September 2017 and was paid on 30 November 2017.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)**

**A9. Segmental information**

*(a) Business Segments*

The Group operates predominantly in one business segment. Accordingly, the information by business segment is not presented.

*(b) Geographical Information*

|           | ---Individual Quarter---  |   | ---Cumulative Quarter---   |  |
|-----------|---|---|--|--|
|           | Unaudited<br>Current<br>year<br>quarter<br>31.12.2017<br>RM’000 | Unaudited<br>Preceding<br>year<br>quarter<br>31.12.2016<br>RM’000 | Unaudited<br>Current<br>year-to-<br>date<br>31.12.2017<br>RM’000 | Audited<br>Preceding<br>year-to-<br>date<br>31.12.2016<br>RM’000 |
| Malaysia  | 6,753   | 10,362  | 33,672   | 55,460   |
| Thailand  | -   | 5,264   | 1,512  | 22,671   |
| Indonesia | 16  | 17  | 474  | 351  |
| Vietnam   | 2,265   | -   | 9,098  | -  |
| Others    | 67  | -   | 67   | -  |
|           | 9,101   | 15,643  | 44,823   | 78,482   |

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

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

**A11. Material events subsequent to the end of the current financial quarter**

Save as disclosed in Note B7, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

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

There were no material changes in the composition of the Group for the current financial quarter under review.

**A13. Contingent assets and contingent liabilities**

The Group has no contingent assets and contingent liabilities as at the date of this report.

**A14. Capital commitments**

There were no material capital commitments in respect of property, plant and equipment as at the end of the current financial quarter under review.

**A15. Related party transactions**

During the current financial quarter, the Group has not entered into any related party transactions.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

Financial review for current quarter and financial year-to-date:

|                               | Individual Quarter |            |         |          | Cumulative Quarter |            |          |          |
|-------------------------------|--------------------|------------|---------|----------|--------------------|------------|----------|----------|
|                               | Unaudited          | Unaudited  | Changes |          | Unaudited          | Audited    | Changes  |          |
|                               | Current            | Preceding  | Amount  | %        | Current            | Preceding  | Amount   | %        |
|                               | year               | year       |         |          | year-              | year-      |          |          |
| quarter                       | quarter            | to-date    | to-date | to-date  | to-date            | to-date    | to-date  |          |
|                               | 31.12.2017         | 31.12.2016 |         |          | 31.12.2017         | 31.12.2016 |          |          |
|                               | RM'000             | RM'000     |         |          | RM'000             | RM'000     |          |          |
| Revenue                       | 9,101              | 15,643     | (6,542) | (41.82)  | 44,823             | 78,482     | (33,659) | (42.89)  |
| Gross (loss)/profit           | (1,876)            | 1,584      | (3,460) | (218.43) | (678)              | 11,584     | (12,262) | (105.85) |
| (Loss)/Profit before taxation | (4,219)            | (1,732)    | (2,487) | 143.59   | (6,234)            | 5,976      | (12,210) | (204.32) |
| (Loss)/Profit after taxation  | (4,219)            | (1,741)    | (2,478) | 142.33   | (6,234)            | 5,904      | (12,138) | (205.59) |

For the current financial quarter under review, the Group recorded revenue of RM9.101 million, a decrease of 41.82% as compared to RM15.643 million in the preceding year quarter. The Group recorded revenue of RM44.823 million for the financial year ended 31 December 2017 ("FYE 2017"), a decrease of 42.89% as compared to previous financial year ended 31 December 2016 (FYE 2016"). The decrease in revenue was mainly attributable to decrease in revenue in design, fabrication, installation, testing and commissioning of glove-dipping lines segment ("**Sale of New Lines**"). Most of the outstanding orders brought forward from previous year have been completed in the first and second quarter of the year. Currently, four of the six orders secured are in progress (comprised of two local orders and two foreign orders) while the other two secured orders have yet to commence work. Local market continued to contribute significant portion of revenue amounting to RM6.753 million or 74.20% of the Group's total revenue.

The Group recorded gross loss of RM1.876 million with a gross loss margin of 20.61% as compared to gross profit of RM1.584 million with gross profit margin of 10.13% in the preceding year quarter. For FYE 2017, the Group recorded gross loss of RM0.678 million with a gross loss margin of 1.51% as compared to gross profit of RM11.584 million with gross profit margin of 14.76%. The gross loss in current quarter and the FYE 2017 was mainly attributable to cost overrun of one of the major foreign order due to technical issue in which the management has invested more time, material and manpower to resolve the issue in order to handover the project to customer on time.

The operating expenses decreased by 29.34% as compared to preceding year quarter due to incurrence of listing expenses of RM1.295 million and the recognition of fair value of share options granted to directors and employees as expenses in the preceding year quarter. The Group recorded a loss before taxation of RM4.219 million for the current year quarter as compared to a loss before taxation of RM1.732 million in the preceding year quarter. For FYE 2017, the Group recorded loss before taxation of RM6.234 million as compared to a profit before taxation of RM5.976 million.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B2. Comparison with immediate preceding quarter's results**

|                      | <b>Unaudited<br/>Current<br/>Quarter<br/>31.12.2017<br/>RM'000</b> | <b>Unaudited<br/>Preceding<br/>Quarter<br/>30.09.2017<br/>RM'000</b> | <b>Changes</b> |          |
|----------------------|--|--|----------------|----------|
|                      |  |  | <b>Amount</b>  | <b>%</b> |
| Revenue              | 9,101  | 8,832  | 269            | 3.05     |
| Loss before taxation | (4,219)  | (2,513)  | (1,706)        | (67.89)  |

The Group's revenue for the current financial quarter has increased by RM0.269 million or 3.05% to RM9.101 million as compared to RM8.832 million in the preceding financial quarter. The increase in revenue was mainly attributable to increase in revenue from Supply and Trading of the associated parts and components for glove-dipping lines.

The revenue from Sale of New Lines was mainly contributed by 4 customers, made up of a combination of two local orders and two foreign orders.

The Group recorded loss before taxation of RM4.219 million as compared to a loss before taxation of RM2.513 million in the preceding financial quarter 30 September 2017.

**B3. Commentary on prospects**

The prospects for growth in the glove-dipping line industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for rubber gloves globally as well as domestically. The Group will continue to execute its business strategies and has put in place a series of future plans to strengthen its position in the glove-dipping line industry in Malaysia as well as the overseas market.

The Group has proposed to diversify into downstream manufacturing and trading of rubber gloves through an acquisition of a rubber glove manufacturer as stated in Note B7(i). This is consistent with the Group's plan to diversify its revenue and income stream so as to mitigate the risk of overdependence on its existing fabrication business. The Board of Directors are of the view that the diversification will be beneficial to the Group's future prospects and will reduce the Group's reliance on its existing business growth.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B4. Income tax expense**

|                    | Unaudited<br>Current year<br>quarter<br>31.12.2017<br>RM'000 | Unaudited<br>Current<br>year-to-date<br>31.12.2017<br>RM'000 |
|--------------------|--|--|
| Income tax expense | -  | 9  |

The Group is not subject to tax as it qualifies for the Pioneer Status incentive under the Promotion of Investment Act 1986. The Group will enjoy full exemption from income tax on its statutory income from pioneer activities for an extended period of 5 years, from 4 November 2014 to 3 November 2019.

**B5. Trade receivables**

The ageing analysis of the Group's trade receivables as at 31 December 2017 is as follows:

|                      | Gross<br>Amount<br>RM'000 | Individual<br>Impairment<br>RM'000 | Carrying<br>Amount<br>RM'000 |
|----------------------|---------------------------|------------------------------------|------------------------------|
| Not past due         | 18,847                    | -                                  | 18,847                       |
| Past due:            |                           |                                    |                              |
| - less than 3 months | 5,612                     | -                                  | 5,612                        |
| - 3 to 6 months      | 1,130                     | -                                  | 1,130                        |
| - more than 6 months | -                         | -                                  | -                            |
| - more than 1 year   | 1,136                     | (261)                              | 875                          |
|                      | <u>26,725</u>             | <u>(261)</u>                       | <u>26,464</u>                |

The Group's normal trade credit terms range from 30 to 90 days.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

**B6. Variance of actual profit from profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B7. Status of corporate proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report.

On 29 January 2018, the Board of Directors announced that the Company is proposing to undertake the:-

- (i) proposed acquisition by the Company of 5,775,000 ordinary shares in HL Rubber Industries Sdn. Bhd. ("**HLRI**"), representing 55% of the issued share capital of HLRI, for a purchase consideration of RM33,000,000 to be satisfied via the issuance of 113,793,100 new ordinary shares in the Company ("**Consideration Shares**") at an issue price of RM0.29 per Consideration Share;
- (ii) proposed diversification of the business of the Company and its subsidiaries into the business of manufacturing and trading of rubber gloves; and
- (iii) proposed variation of the utilisation of proceeds raised from the Company's initial public offering,

(Collectively referred to as the "Proposals")

The Proposals are subject to the following approvals being obtained:-

- (i) the shareholders of the Company at an EGM to be convened for the Proposals;
- (ii) Bursa Securities, for the listing and quotation for the Consideration Shares; and
- (iii) any other relevant parties/authorities (if applicable).

**B8. Utilisation of proceeds from the Initial Public Offering ("IPO")**

The gross proceeds arising from the Public Issue amounting to RM17.816 million and the status of the utilisation of the proceeds as at the date of this report is as follows:-

| <b>Purposes</b>                | <b>Proposed Utilisation<br/>RM'000</b> | <b>Actual Utilisation<br/>RM'000</b> | <b>Deviation<br/>RM'000</b> | <b>Balance<br/>RM'000</b> | <b>Estimated timeframe for utilisation</b> |
|--------------------------------|--|--------------------------------------|-----------------------------|---------------------------|--|
| (a) Capital expenditure        | 9,000                                  | -                                    | -                           | 9,000                     | 24 months                                  |
| (b) R&D expenditure            | 1,500                                  | -                                    | -                           | 1,500                     | 18 months                                  |
| (c) Working capital            | 4,916                                  | 4,916                                | -                           | -                         | -  |
| (d) Estimated listing expenses | 2,400                                  | 2,400                                | -                           | -                         | -  |
| <b>Total</b>                   | <b>17,816</b>                          | <b>7,316</b>                         | <b>-</b>                    | <b>10,500</b>             |  |

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B9. Group borrowings and debt securities**

Total Group's borrowings as at 31 December 2017 are as follows:-

|                   | <b>Unaudited<br/>As at<br/>31.12.2017<br/>RM'000</b> | <b>Audited<br/>As at<br/>31.12.2016<br/>RM'000</b> |
|-------------------|--|--|
| <b>Term loan:</b> |  |  |
| Current           | 81   | 77   |
| Non-current       | 1,155  | 1,295  |
|                   | 1,236  | 1,372  |

The term loan is secured and denominated in Ringgit Malaysia.

**B10. Material litigation**

There were no material litigations pending as at the date of this announcement.

**B11. Dividends**

The Board of Directors does not recommend any dividend for the current financial quarter under review.

**B12. Loss per share ("LPS")**

The basic LPS for the current financial quarter and financial year-to-date are computed as follows:

|   | <b>Unaudited<br/>Current year<br/>quarter<br/>31.12.2017</b> | <b>Unaudited<br/>Current<br/>year-to-date<br/>31.12.2017</b> |
|---|--|--|
| Net loss attributable to ordinary equity holders of the Company<br>(RM'000) | (4,219)  | (6,234)  |
| Weighted average number of ordinary shares in issue ('000)                  | 275,253  | 266,366  |
| Basic LPS (sen)   | (1.53)   | (2.34)   |
| Diluted LPS (sen) <sup>(1)</sup>  | (1.53)   | (2.34)   |

**Notes:**

(1) Diluted LPS of the Company for the individual quarter 31 December 2017 and cumulative quarter 31 December 2017 is equivalent to the basic LPS as the share option had an anti-dilutive effect on the basic LPS and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2017

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B13. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

Loss before taxation is arrived at after charging/(crediting):-

|   | <b>Unaudited<br/>Current year<br/>quarter<br/>31.12.2017<br/>RM'000</b> | <b>Unaudited<br/>Current<br/>year-to-date<br/>31.12.2017<br/>RM'000</b> |
|---|---|---|
| Depreciation of property, plant and equipment | 148   | 580   |
| Impairment loss of trade receivables          | 261   | 261   |
| Interest expense                              | 6   | 9   |
| Listing expenses                              | -   | 295   |
| Unrealised loss on foreign exchange           | 250   | 348   |
| Interest income                               | (92)  | (344)   |
|   | <hr/>   | <hr/>   |

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

**B14. Disclosure of realised and unrealised profits or losses**

The realised and unrealised retained profits of the Group as at 31 December 2017 are analysed as follows:-

|                                     | <b>Unaudited<br/>As at<br/>31.12.2017<br/>RM'000</b> | <b>Audited<br/>As at<br/>31.12.2016<br/>RM'000</b> |
|-------------------------------------|--|--|
| Total retained profits of the Group |  |  |
| - Realised                          | 26,136   | 34,343   |
| - Unrealised                        | (348)  | 425  |
|                                     | <hr/>  | <hr/>  |
|                                     | 25,788   | 34,768   |
|                                     | <hr/>  | <hr/>  |

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