



HLT GLOBAL BERHAD

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

Year 2018
Quarterly Announcement
For the First Quarter Ended 31 March 2018

HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.03.2018 RM'000	Unaudited Preceding year quarter 31.03.2017 RM'000	Unaudited Current year- to-date 31.03.2018 RM'000	Audited Preceding year- to-date 31.03.2017 RM'000
Revenue	A9	16,210	9,558	16,210	9,558
Cost of sales		(13,984)	(8,326)	(13,984)	(8,326)
Gross profit		2,226	1,232	2,226	1,232
Other operating income		539	245	539	245
Selling and distribution expenses		(84)	(79)	(84)	(79)
Administrative and other expenses		(13,404)	(1,595)	(13,404)	(1,595)
Finance costs		-	-	-	-
Loss before taxation		(10,723)	(197)	(10,723)	(197)
Income tax expense	B4	-	(9)	-	(9)
Loss after taxation		(10,723)	(206)	(10,723)	(206)
Other comprehensive income		-	-	-	-
Total comprehensive expenses for the financial period		(10,723)	(206)	(10,723)	(206)
Loss after taxation attributable to:					
- Owners of the Company		(10,723)	(206)	(10,723)	(206)
Total comprehensive expenses attributable to:					
- Owners of the Company		(10,723)	(206)	(10,723)	(206)
Loss per share (sen):					
- Basic	B12	(4.01)	(0.08)	(4.01)	(0.08)
- Diluted ⁽²⁾	B12	(4.01)	(0.08)	(4.01)	(0.08)

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 2017 and the accompanying explanatory notes attached to this interim financial report.
- (2) Diluted loss per share of the Company for the individual quarter 31 March 2017 and cumulative quarter 31 March 2017 is equivalent to the basic loss 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 per share.

HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018⁽¹⁾

	Note	Unaudited As at 31.03.2018 RM'000	Audited As at 31.12.2017 RM'000
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment		5,244	5,382
CURRENT ASSETS			
Inventories		3,908	5,763
Amount owing by contract customers		10,807	12,726
Trade receivables	B5	31,542	26,465
Other receivables, deposits and prepayment		2,056	1,568
Tax recoverable		76	103
Fixed deposits with licensed banks		10,056	10,202
Cash and bank balances		2,802	9,386
		61,247	66,213
TOTAL ASSETS		66,491	71,595
EQUITY AND LIABILITIES			
EQUITY			
Share capital		40,465	40,465
Share premium		-	-
Merger deficit		(22,033)	(22,033)
Share option reserve		83	83
Retained profits		15,052	25,775
TOTAL EQUITY		33,567	44,290
NON-CURRENT LIABILITY			
Term loan	B9	1,116	1,155
CURRENT LIABILITIES			
Amount owing to contract customers		1,575	6,885
Trade payables		14,723	15,428
Other payables and accruals		15,428	3,756
Term loan	B9	82	81
		31,808	26,150
TOTAL LIABILITIES		32,924	27,305
TOTAL EQUITY AND LIABILITIES		66,491	71,595
Net assets per share (RM)		0.08	0.11

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 2017 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 FIRST (1ST) QUARTER ENDED 31 MARCH 2018⁽¹⁾

Note	← Non-Distributable →				Distributable	
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Share Option Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1 January 2018	40,465	-	(22,033)	83	25,775	44,290
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(10,723)	(10,723)
Balance at 31 March 2018	40,465	-	(22,033)	83	15,052	33,567
Balance at 1 January 2017	22,433	-	(22,033)	357	34,768	35,525
Loss after taxation/Total comprehensive expenses for the financial period	-	-	-	-	(206)	(206)
Contributions by and distribution to owners of the Company:						
- Issuance of shares	3,959	13,857	-	-	-	17,816
- Share issuance expenses ⁽²⁾	-	(680)	-	-	-	(680)
Total transactions with owners	3,959	13,177	-	-	-	17,136
Balance at 31 March 2017	26,392	13,177	(22,033)	357	34,562	52,455

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 2017 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 FIRST (1ST) QUARTER ENDED 31 MARCH 2018⁽¹⁾

	Unaudited Current year-to-date 31.03.2018 RM'000	Unaudited Preceding year-to-date 31.03.2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(10,723)	(197)
Adjustments for:-		
Depreciation of property, plant and equipment	145	143
Impairment loss on trade receivables	312	-
Listing expenses	-	295
Provision for compensation claim	12,208	-
Unrealised loss/(gain) on foreign exchange	149	(134)
Interest income	(686)	(111)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	1,405	(4)
Decrease/(Increase) in inventories	1,855	(811)
Net increase in amount owing by contract customers	(3,392)	(413)
Increase in trade and other receivables	(5,280)	(824)
Increase/(Decrease) in trade and other payables	(1,168)	(3,295)
	<hr/>	<hr/>
CASH FOR OPERATIONS	(6,580)	(5,347)
Income tax paid	(18)	-
Income tax refunded	45	122
Interest received	89	111
Interest paid	-	-
	<hr/>	<hr/>
NET CASH FOR OPERATING ACTIVITIES	(6,464)	(5,114)
	<hr/>	<hr/>
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Purchase of equipment	(7)	-
Withdrawal of deposits pledged to licensed bank	-	5,364
	<hr/>	<hr/>
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(7)	5,364
	<hr/>	<hr/>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Payment of listing expenses	-	(1,767)
Proceeds from issuance of shares	-	17,816
Repayment of term loan	(38)	(38)
	<hr/>	<hr/>
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(38)	16,011
	<hr/>	<hr/>

HLT GLOBAL BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 31.03.2018 RM'000	Unaudited Preceding year-to-date 31.03.2017 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,509)	16,261
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(221)	*
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	19,588	834
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	12,858	17,095
Cash and cash equivalents comprise the following:		
- Cash and bank balances	2,802	7,095
- Fixed deposits with a licensed bank	10,056	10,000
	12,858	17,095

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 2017 and the accompanying explanatory notes attached to this interim financial report.*

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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 2017 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During the current financial quarter, 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)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 – Transfers of Investment Property

Annual improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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 other than the changes arising as described below:

(a) Adoption of MFRS 15 Revenue

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 and 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 has concluded that the initial application of MFRS 15 does not have any material financial impact to the current period and prior period financial statements of the Group.

(b) Adoption of MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement” on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The adoption of MFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing by replacing MFRS 139’s incurred loss approach with a forward-looking expected credit loss (ECL) approach. MFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial asset not held at fair value through Profit or Loss. MFRS 9.5.5.1 ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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

A2. Changes in accounting policies (Cont’d)

(b) Adoption of MFRS 9 Financial Instruments (Cont’d)

For trade receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factor to the debtors and the economic environment.

The impact of the adoption of MFRS 9 on current period is set out below:

	As per previous accounting framework	Adoption of MFRS 9	As per current accounting framework
	RM’000	RM’000	RM’000
Statement of comprehensive income			
31 March 2018			
Other expense	-	(312)	(312)
Statement of financial position			
31 March 2018			
Trade receivables	31,854	(312)	31,542
Retained earnings	15,364	(312)	15,052

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:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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

A6. Material changes in estimates

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

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and year-to-date.

A8. Dividends paid

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

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 Current year quarter 31.03.2018 RM’000	Unaudited Preceding year quarter 31.03.2017 RM’000	Unaudited Current year-to- date 31.03.2018 RM’000	Audited Preceding year-to- date 31.03.2017 RM’000
Malaysia	10,587	6,210	10,587	6,210
Thailand	5,550	955	5,550	955
Indonesia	-	198	-	198
Vietnam	73	2,195	73	2,195
	16,210	9,558	16,210	9,558

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	Individual Quarter			
	Unaudited	Unaudited	Changes	
	Current	Preceding	Amount	%
	year	year		
quarter	quarter			
	31.03.2018	31.03.2017		
	RM'000	RM'000		
Revenue	16,210	9,558	6,652	69.60
Gross profit	2,226	1,232	994	80.68
Loss before taxation	(10,723)	(197)	(10,526)	(5,343.15)
Loss after taxation	(10,723)	(206)	(10,517)	(5,105.34)

For the current financial quarter under review, the Group recorded revenue of RM16.21 million, an increase of 69.60% as compared to RM9.558 million in the preceding year quarter. The increase in revenue was mainly attributable to increase in revenue in design, fabrication, installation, testing and commissioning of glove-dipping lines segment ("**Sale of New Lines**"). The better performance of our Sale of New Lines segment backed by revenue contribution of RM4.47 million from three new orders secured in the year 2017 but whose implementation commenced in January 2018 as well as revenue contribution from outstanding orders brought forward from previous financial year. Currently, six orders are in progress which comprised of four local orders and two foreign orders. Local market continued to contribute significant portion of revenue amounting to RM10.587 million or 65.31% of the Group's total revenue.

The Group recorded gross profit of RM2.226 million with a gross profit margin of 13.73% as compared to gross profit of RM1.232 million with gross profit margin of 12.89% in the preceding year quarter. The increase in both the gross profit and gross profit margin is mainly due to better performance in Sale of New Lines segment which contributed 98.23% to the total gross profit for the current year quarter.

The operating expenses increased by RM11.520 million as compared to RM1.429 million in the preceding year quarter due to provision for compensation claim from a foreign customer relating to the performance of the glove-dipping lines manufactured. We are currently contesting on the amount claimed but we have made the provision on prudence basis. The provision for compensation claim also caused the Group recorded a loss before taxation of RM10.723 million for the current year quarter as compared to a loss before taxation of RM0.197 million in the preceding year quarter.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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

B2. Comparison with immediate preceding quarter's results

	Unaudited Current Quarter 31.03.2018 RM'000	Unaudited Preceding Quarter 31.12.2017 RM'000	Changes	
			Amount	%
Revenue	16,210	9,101	7,109	78.11
Loss before taxation	(10,723)	(4,219)	(6,504)	(154.16)

The Group's revenue for the current financial quarter has increased by RM7.109 million or 78.11% to RM16.21 million as compared to RM9.101 million in the preceding quarter. The increase in revenue was mainly attributable to better performance in Sale of New Lines segment.

The Group recorded loss before taxation of RM10.723 million as compared to a loss before taxation of RM4.219 million in the preceding quarter 31 December 2017. The significant increase in loss before taxation in the current quarter was mainly attributable to provision for compensation claim from a foreign customer relating to the performance of the glove-dipping lines manufactured.

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 FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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

B4. Income tax expense

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

	Unaudited As at 31.03.2018 RM'000	Audited As at 31.12.2017 RM'000
Trade receivables	32,115	26,726
Allowance for impairment losses	(573)	(261)
	<u>31,542</u>	<u>26,465</u>
Allowance for impairment losses:-		
At 1 January	(261)	-
Addition during the financial period	(312)	(261)
At 31 March	<u>(573)</u>	<u>(261)</u>

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

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 FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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.

At the Extraordinary General Meeting held on 6 April 2018, shareholders of the Company had approved the corporate exercise involving:

- (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”)

On 17 May 2018, the Proposals were completed following the listing and quotation of 113,793,100 new ordinary shares on the ACE Market of Bursa Securities.

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:-

Purposes	Proposed Utilisation RM'000	Proposed Variation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation
(a) Capital expenditure	9,000	-	-	-	-	-
(b) R&D expenditure	1,500	-	-	-	-	-
(c) Working capital	4,916	7,316	(7,316)	-	-	-
(d) Estimated listing expenses	2,400	2,400	(2,400)	-	-	-
(e) Upgrading ⁽¹⁾	-	3,600	-	-	3,600	6 months
(f) New line ⁽²⁾	-	4,500	-	-	4,500	12 months
Total	17,816	17,816	(9,716)	-	8,100	

(1) Upgrading – Finance the upgrading of eight (8) of the sixteen (16) existing glove-dipping lines of the newly acquired subsidiary, HLRI. The combined production capacity of the eight (8) existing glove-dipping lines are expected to improve by approximately 30% from the existing 480 million pieces of glove to 624 million pieces of glove per annum.

(2) New line – Finance the setting up of one (1) new glove-dipping line at the existing factory premises of HLRI. The new glove-dipping line will be a single former glove-dipping line, caters for the production of special industrial gloves, with a proposed production output of up to 12 thousand pieces of glove per hour.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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 March 2018 are as follows:-

	Unaudited As at 31.03.2018 RM'000	Audited As at 31.12.2017 RM'000
Term loan:		
Current	82	81
Non-current	1,116	1,155
	1,198	1,236

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

	Unaudited Current year quarter 31.03.2018	Unaudited Current year-to-date 31.03.2018
Net loss attributable to ordinary equity holders of the Company (RM'000)	(10,723)	(10,723)
Weighted average number of ordinary shares for basic LPS ('000)	267,404	267,404
Basic LPS (sen)	(4.01)	(4.01)
Diluted LPS (sen) ⁽¹⁾	(4.01)	(4.01)

Notes:

(1) Diluted LPS of the Company for the individual quarter 31 March 2018 and cumulative quarter 31 March 2018 is equivalent to the basic LPS as the warrant 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 FIRST (1ST) QUARTER ENDED 31 MARCH 2018

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):-

	Unaudited Current year quarter 31.03.2018 RM'000	Unaudited Current year-to-date 31.03.2018 RM'000
Depreciation of property, plant and equipment	145	145
Impairment loss of trade receivables	312	312
Provision for compensation claim	12,208	12,208
Unrealised loss on foreign exchange	149	149
Interest income	(686)	(686)
Realised gain on foreign exchange	(33)	(33)

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

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