



HLT GLOBAL BERHAD

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

Year 2019
Quarterly Announcement
For the First Quarter Ended 31 March 2019

HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.03.2019 RM'000	Unaudited Preceding year quarter 31.03.2018 RM'000	Unaudited Current year- to-date 31.03.2019 RM'000	Unaudited Preceding year- to-date 31.03.2018 RM'000
Revenue	A9	31,848	16,210	31,848	16,210
Cost of sales		(28,789)	(13,984)	(28,789)	(13,984)
Gross profit		3,059	2,226	3,059	2,226
Other operating income		443	539	443	539
Selling and distribution expenses		(435)	(84)	(435)	(84)
Administrative and other expenses		(1,936)	(13,404)	(1,936)	(13,404)
Finance costs		(37)	-	(37)	-
Profit/(Loss) before taxation		1,094	(10,723)	1,094	(10,723)
Income tax expense	B4	5	-	5	-
Profit/(Loss) after taxation		1,099	(10,723)	1,099	(10,723)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expenses) for the financial period		1,099	(10,723)	1,099	(10,723)
Profit/(Loss) after taxation attributable to:					
- Owners of the Company		1,276	(10,723)	1,276	(10,723)
- Non-controlling interests		(177)	-	(177)	-
		1,099	(10,723)	1,099	(10,723)
Total comprehensive income/(expenses) attributable to:					
- Owners of the Company		1,276	(10,723)	1,276	(10,723)
- Non-controlling interests		(177)	-	(177)	-
		1,099	(10,723)	1,099	(10,723)
Earnings/(Loss) per share (sen):					
- Basic	B12	0.25	(4.01)	0.25	(4.01)
- Diluted ⁽²⁾	B12	0.25	(4.01)	0.25	(4.01)

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 2018 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 2018 and cumulative quarter 31 March 2018 is equivalent to the basic loss per share as the potential conversion of warrants and employee share options had an anti-dilutive effect on the basic loss per share and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

HLT GLOBAL BERHAD

(Company No: 1163324-H)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019⁽¹⁾

	Note	Unaudited As at 31.03.2019 RM'000	Audited As at 31.12.2018 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		32,030	32,449
Goodwill		2,785	2,785
		<u>34,815</u>	<u>35,234</u>
CURRENT ASSETS			
Inventories		23,833	23,713
Trade receivables	B5	12,446	24,031
Other receivables, deposits and prepayments		14,604	15,513
Contract assets		2,621	2,434
Amount owing by related parties		12,585	1,682
Short-term investment		5,657	6,165
Current tax assets		1,014	1,007
Cash and bank balances		8,016	10,684
		<u>80,776</u>	<u>85,229</u>
TOTAL ASSETS		<u>115,591</u>	<u>120,463</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		73,465	73,465
Merger deficit		(22,033)	(22,033)
Employee share option reserve		83	83
Accumulated losses		(2,339)	(3,615)
		<u>49,176</u>	<u>47,900</u>
Equity attributable to owners of the Company		49,176	47,900
Non-controlling interests		22,244	22,421
TOTAL EQUITY		<u>71,420</u>	<u>70,321</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	B9	1,969	1,761
Deferred tax liabilities		2,511	2,517
		<u>4,480</u>	<u>4,278</u>
CURRENT LIABILITIES			
Trade payables		19,927	26,524
Other payables and accruals		12,358	14,275
Contract liabilities		4,927	2,390
Short-term borrowings	B9	2,312	2,521
Current tax liabilities		167	154
		<u>39,691</u>	<u>45,864</u>
TOTAL LIABILITIES		<u>44,171</u>	<u>50,142</u>
TOTAL EQUITY AND LIABILITIES		<u>115,591</u>	<u>120,463</u>
Net assets per share (RM)		<u>0.10</u>	<u>0.09</u>

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 2018 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 2019⁽¹⁾

	← Non-Distributable →			Distributable			Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Employee Share Option Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	
Balance at 1 January 2019	73,465	(22,033)	83	(3,615)	47,900	22,421	70,321
Profit after taxation/Total comprehensive income for the financial period	-	-	-	1,276	1,276	(177)	1,099
Balance at 31 March 2019	73,465	(22,033)	83	(2,339)	49,176	22,244	71,420
Balance at 1 January 2018	40,465	(22,033)	83	25,775	44,290	-	44,290
Effect of change in accounting policies	-	-	-	(343)	(343)	-	(343)
	40,465	(22,033)	83	25,432	43,947	-	43,947
Loss after taxation/Total comprehensive expenses for the financial period	-	-	-	(10,723)	(10,723)	-	(10,723)
Balance at 31 March 2018	40,465	(22,033)	83	14,709	33,224	-	33,224

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 2018 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 CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019⁽¹⁾

	Unaudited Current year-to-date 31.03.2019 RM'000	Unaudited Preceding year-to-date 31.03.2018 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,094	(10,723)
Adjustments for:-		
Depreciation of property, plant and equipment	1,155	145
Fair value loss on short-term investment	*	-
Provision for compensation claim	-	12,208
Interest expense	38	-
Unrealised (gain)/loss on foreign exchange	(204)	149
Gain on disposal of plant and equipment	(100)	-
(Reversal of)/ Allowance for impairment loss on trade receivables	(69)	312
Dividend income	(58)	-
Interest income	(3)	(686)
	<hr/>	<hr/>
Operating profit before working capital changes	1,853	1,405
(Increase)/decrease in inventories	(121)	1,855
Decrease/(Increase) in contract assets	2,350	(3,392)
Decrease/(increase) in trade and other receivables	12,757	(5,280)
Decrease in trade and other payables	(8,494)	(1,168)
Increase in amount owing by related parties	(10,903)	-
	<hr/>	<hr/>
CASH FOR OPERATIONS	(2,558)	(6,580)
Income tax paid	(24)	(18)
Income tax refunded	30	45
Interest received	3	89
Interest paid	(38)	-
	<hr/>	<hr/>
NET CASH FOR OPERATING ACTIVITIES	(2,587)	(6,464)
	<hr/>	<hr/>
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	58	-
Purchase of property, plant and equipment	(736)	(7)
Proceed from disposal of plant and equipment	100	-
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(578)	(7)
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*Represents RM23

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 31.03.2019 RM'000	Unaudited Preceding year-to-date 31.03.2018 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Repayment of term loans	(91)	(38)
Drawdown/(repayment) of hire purchases payables	364	-
Drawdown of bankers' acceptances	56	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES	329	(38)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,836)	(6,509)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(10)	(221)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	16,519	19,588
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	13,673	12,858
Cash and cash equivalents comprise the following:		
- Money market fund	5,657	10,056
- Cash and bank balances	8,016	2,802
	13,673	12,858

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 2018 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 2019

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 subsidiaries (“**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 2018 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 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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 was no material unusual item 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 2019

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

A6. Material changes in estimates

There was no material change in estimates in the current financial quarter under review.

A7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividends paid

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

A9. Segmental information

(a) Business Segments

The Group is originated into three (3) main reportable segments as follows:-

No	Business segments	Principal activities
1.	Glove-dipping lines	: manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith
2.	Rubber Gloves	: manufacturing and trading of rubber gloves
3.	Corporate	: provision of corporate services to the entities within the Group

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

A9. Segmental information (Cont'd)

(a) Business Segments (Cont'd)

	Glove- Dipping Lines RM'000	Rubber Gloves RM'000	Corporate RM'000	Consolidation adjustments RM'000	Consolidated RM'000
Current year-to-date 31.03.2019					
External Revenue	10,096	21,752	-	-	31,848
Inter-segment Revenue	13	-	-	(13)	-
	<u>10,109</u>	<u>21,752</u>	<u>-</u>	<u>(13)</u>	<u>31,848</u>
Segment result					
Profit/(Loss) from operation	1,682	641	(40)	-	2,283
Depreciation	(148)	(991)	-	(16)	(1,155)
Finance costs	(5)	(32)	-	-	(37)
Interest income	3	-	-	-	3
Profit before taxation	<u>1,532</u>	<u>(382)</u>	<u>(40)</u>	<u>(16)</u>	<u>1,094</u>
Tax expense					<u>5</u>
Profit after taxation					<u><u>1,099</u></u>
Attributable to:					
Owners of the Company					1,276
Non-controlling interest					(177)
Profit for the period					<u><u>1,099</u></u>
Segment assets	33,767	54,320	73,004	(48,285)	112,806
Goodwill	-	-	-	2,785	2,785
Segment liabilities	<u>34,097</u>	<u>21,121</u>	<u>261</u>	<u>(11,308)</u>	<u>44,171</u>

There is no comparative figure for the preceding year's quarter presented as the Group operates predominantly in one business segment.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

A9. Segmental information (Cont’d)

(b) Geographical Information

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2019 RM’000	Unaudited Preceding year quarter 31.03.2018 RM’000	Unaudited Current year-to- date 31.03.2019 RM’000	Unaudited Preceding year-to- date 31.03.2018 RM’000
Malaysia	1,818	10,587	1,818	10,587
Southeast Asia	8,809	5,623	8,809	5,623
Taiwan	13,206	-	13,206	-
United States	5,725	-	5,725	-
Spain	1,895	-	1,895	-
Others	395	-	395	-
	31,848	16,210	31,848	16,210

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 A15, there was no other material event subsequent to the end of the current financial quarter under review that has not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There was no material change in the composition of the Group for the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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 asset as at the date of this report. Contingent liability of the Group was as follows:-

	Unaudited As at 31.03.2019 RM’000	Audited As at 31.12.2018 RM’000
Bank guarantee extended by a subsidiary to a third party	910	910

A14. Capital commitments

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

A15. Related party transactions

The Group’s transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 31 March 2019 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2019 RM’000	Unaudited Preceding year quarter 31.03.2018 RM’000	Unaudited Current year-to- date 31.03.2019 RM’000	Unaudited Preceding year-to- date 31.03.2018 RM’000
Sales of rubber gloves	9,080	-	9,080	-
Sales of glove-dipping machines	6,969	-	6,969	-

At the Annual General Meeting held on 30 May 2019 (“AGM”), shareholders of the Company had approved the following proposals:

- (i) proposed shareholders’ ratification of recurrent related party transactions of a revenue and/or trading nature from 1 December 2018 up to the date of AGM; and
- (ii) proposed shareholders’ mandate for recurrent related party transactions of a revenue and/or trading nature from the date of AGM up to the date of next Annual General Meeting.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	--- Individual Quarter ---			
	Unaudited Current year quarter 31.03.2019 RM'000	Unaudited Preceding year quarter 31.03.2018 RM'000	Changes RM'000 %	
Revenue	31,848	16,210	15,638	96.47
Gross profit	3,059	2,226	833	37.42
Profit/(loss) before taxation	1,094	(10,723)	11,817	(110.20)
Profit/(loss) after taxation	1,099	(10,723)	11,822	(110.25)
Revenue				
Glove-Dipping Lines	10,096	16,210	(6,114)	(37.72)
Rubber Gloves	21,752	-	21,752	100
Corporate	-	-	-	-
	31,848	16,210	15,638	96.47
Gross profit				
Glove-Dipping Lines	2,384	2,226	158	7.10
Rubber Gloves	675	-	675	100
Corporate	-	-	-	-
	3,059	2,226	833	37.42
Profit/(Loss) before taxation				
Glove-Dipping Lines	1,519	(10,707)	12,226	(114.19)
Rubber Gloves	(385)	-	(385)	100
Corporate	(40)	(16)	(24)	150
	1,094	(10,723)	11,817	(110.20)

For the current financial quarter under review, the Group recorded revenue of RM31.848 million, an increase of 96.47% as compared to RM16.210 million in the preceding year quarter. The increase in revenue was mainly attributable to the revenue contribution of a newly acquired subsidiary, HL Rubber Industries Sdn. Bhd. ("HLRI") of RM21.752 million which has been partially offset by the lower revenue of glove-dipping lines segment.

The Group recorded a gross profit of RM3.059 million with a gross profit margin of 9.60% for the current quarter under review as compared to a gross profit of RM2.226 million with a gross profit margin of 13.73% in the preceding year quarter. The increase in gross profit was due to better performance in glove-dipping lines segment as well as gross profit contribution from rubber gloves segment. However, the decrease in gross profit margin was due to lower gross profit margin from the rubber gloves segment.

The Group recorded profit before taxation of RM1.094 million as compared to a loss before taxation of RM10.723 million in the preceding year quarter was mainly due to an one-off compensation claim from a foreign customer relating to the performance of the glove-dipping lines manufactured in the preceding year quarter.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

B1. Review of performance (Cont'd)

Glove-Dipping Lines

The glove-dipping lines segment recorded revenue of RM10.096 million, a decrease of 37.72% as compared to RM16.210 million in the preceding year quarter. The revenue mainly contributed from design, fabrication, installation, testing and commissioning of glove-dipping lines segment (“Sale of New Lines”) backed by revenue contribution of RM8.602 million from two new orders secured in the year 2018 but whose implementation commenced on January 2019 as well as revenue contribution from outstanding orders brought forward from previous financial year. Currently, eight orders are in progress which comprised of three local orders and five foreign orders. Foreign market contribute significant portion of revenue amounting to RM8.465 million or 83.85% of the glove-dipping lines segment’s total revenue.

The glove-dipping lines segment recorded a gross profit of RM2.384 million with a gross profit margin of 23.61% as compared to a gross profit of RM2.226 million with gross profit margin of 13.73% in the preceding year quarter. The significant increase in both gross profit and gross profit margin was mainly attributable to better performance in both Sales of New Lines and provision of upgrading and modification works for glove-dipping lines segment (“Upgrade and Modification”).

The glove-dipping lines segment recorded profit before taxation of RM1.519 million as compared to a loss before taxation of RM10.707 million in the preceding year quarter was due to the compensation claim from a foreign customer relating to the performance of the glove-dipping line manufactured in preceding year quarter.

Rubber Gloves

HLRI is principally engaged in the business of manufacturing and trading of rubber gloves. The acquisition of the 55% of issued share capital of HLRI was completed on 17 May 2018. Rubber gloves segment contributed RM21.752 million for the current quarter. Export sales contributed 99.14% of the total revenue of rubber gloves segment. The export market mainly consists of Taiwan, United States of America and Spain.

The rubber gloves segment recorded a gross profit of RM0.675 million with a gross profit margin of 3.10% in the current quarter and the operating expenses for rubber gloves segment were RM1.060 million which make up to a loss before taxation of RM0.385 million in the current quarter.

Corporate

Corporate segment represents the investment holding company. No revenue was contributed by the investment holding company.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

B2. Comparison with immediate preceding quarter's results

	Unaudited Current Quarter 31.03.2019 RM'000	Unaudited Preceding Quarter 31.12.2018 RM'000	Changes RM'000	%
Revenue	31,848	41,217	(9,369)	(22.73)
(Loss)/Profit before taxation	1,094	(19,516)	20,610	(105.61)
Revenue				
Glove-Dipping Lines	10,096	6,711	3,385	50.44
Rubber Gloves	21,752	34,506	(12,754)	(36.96)
Corporate	-	-	-	-
	31,848	41,217	(9,369)	(22.73)
Profit/(Loss) before taxation				
Glove-Dipping Lines	1,519	(20,227)	21,746	107.51
Rubber Gloves	(385)	741	(1,126)	(151.96)
Corporate	(40)	(30)	(10)	33.33
	1,094	(19,516)	20,610	(105.61)

The Group's revenue for the current quarter has decreased by RM9.369 million or 22.73% to RM31.848 million as compared to RM41.217 million in the preceding quarter. The decrease in revenue was mainly attributable to the lower revenue generated from rubber gloves segment.

The Group recorded profit before taxation of RM1.094 million as compared to a loss before taxation of RM19.516 million in the preceding quarter. The Group managed to achieve profit before taxation as opposed to a loss before taxation in the preceding quarter was due to recognition of impairment loss on the trade receivables of RM16.266 million and impairment loss on contract assets of RM2.488 million in the preceding quarter.

B3. Commentary on prospects

The prospects for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by the growth in the global and domestic healthcare industry, increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, and availability of raw materials utilised in the manufacturing of rubber gloves. Given the vibrant and growing rubber glove industry in Malaysia, the prospect of our Rubber Gloves would seem promising.

Nevertheless, 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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

B4. Income tax expense

The current taxation of the Group is in respect of the deferred tax effect of amortisation on land and building. The Group is not subject to tax as the companies in the Group have sufficient unabsorbed capital allowances carries forward. Furthermore, HL Advance Technologies (M) Sdn Bhd (“HLA”), its wholly owned subsidiary is not subject to tax as it qualifies for the Pioneer Status incentive under the Promotion of Investment Act 1986. HLA 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 31.03.2019 RM'000	Audited As at 31.12.2018 RM'000
Trade receivables	29,247	40,901
Allowance for impairment losses	(16,801)	(16,870)
	<u>12,446</u>	<u>24,031</u>
Allowance for impairment losses:-		
At 1 January		
- As previously reported	(16,870)	(261)
- Effects on adoption of MFRS 9	-	(343)
	<u>(16,870)</u>	<u>(604)</u>
- Amount reported under MFRS 9 (2017 – MFRS 139)	(16,870)	(604)
Reversal/(Addition) during the financial period/year	69	(16,266)
At 31 December	<u>(16,801)</u>	<u>(16,870)</u>

The Group’s normal trade credit terms range from 7 to 90 days. The credit terms are assessed and approved on case-by-case basis.

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.

B7. Status of corporate proposal

There was no corporate proposal announced or outstanding as at the date of this report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

B8. Utilisation of proceeds from the Initial Public Offering (“IPO”)

The Group has yet to fully utilise the IPO proceeds. The Board of Directors has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked for the upgrading of eight existing glove-dipping lines and setting up of one new glove-dipping line of a subsidiary, HLRI for an additional 24 months.

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	Balance RM'000	Estimated timeframe for utilisation	Extended 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	⁽³⁾ 6 months	⁽³⁾ Additional 24 months
(f) New line ⁽²⁾	-	4,500	-	4,500	⁽⁴⁾ 12 months	⁽⁴⁾ Additional 24 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.

(3) Based on the completion date of the diversification and acquisition exercise of 17 May 2018, the timeframe for utilisation will end on 17 November 2018. Pursuant to the Extension of Time, it shall be extended to 17 November 2020.

(4) Based on the completion date of the diversification and acquisition exercise of 17 May 2018, the timeframe for utilisation will end on 17 May 2019. Pursuant to the Extension of Time, it shall be extended to 17 May 2021.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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 2019 are as follows:-

	Unaudited As at 31.03.2019 RM'000	Audited As at 31.12.2018 RM'000
Short-term borrowings:-		
Bank overdrafts	-	330
Banker's Acceptances	1,905	1,849
Hire Purchases	69	-
Term loans	338	342
	2,312	2,521
Long-term borrowings:		
Hire Purchases	295	-
Term loans	1,674	1,761
	1,969	1,761
Total borrowings	4,281	4,282

The term loans are secured and denominated in Ringgit Malaysia.

B10. Material litigation

There was no material litigation 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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

B12. Earnings per share ("EPS")

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

	Unaudited Current year quarter 31.03.2019	Unaudited Current year-to-date 31.03.2019
Profit after taxation attributable to owners of the Company (RM'000)	1,276	1,276
Weighted average number of ordinary shares in issue ('000)	511,977	511,977
Basic EPS (sen)	0.25	0.25
Diluted EPS (sen) ⁽¹⁾	0.25	0.25

Note:-

- (1) *The effect of potential ordinary shares arising from the conversion of employee share options and warrant are anti-dilutive and accordingly, they have been ignored the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.*

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2019

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

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

	Unaudited Current year quarter 31.03.2019 RM'000	Unaudited Current year-to-date 31.03.2019 RM'000
Depreciation of property, plant and equipment	1,155	1,155
Fair value loss on short-term investment	*	*
Interest expense	37	37
Reversal of impairment loss on trade receivables	(69)	(69)
Realised loss/(gain) on foreign exchange	475	475
Gain on disposal of plant and equipment	(100)	(100)
Unrealised gain on foreign exchange	(204)	(204)
Interest income	(3)	(3)
Dividend income	(58)	(58)

*Represents RM23

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

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