



HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

Year 2020

Quarterly Announcement

For the First Quarter Ended 31 March 2020

HLT GLOBAL BERHAD

Registration No: [201501038003 (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 2020⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 31.03.2020 RM'000	Unaudited Preceding year quarter 31.03.2019 RM'000	Unaudited Current year- to-date 31.03.2020 RM'000	Unaudited Preceding year- to-date 31.03.2019 RM'000
Revenue	A9	26,132	31,848	26,132	31,848
Cost of sales		(25,242)	(28,789)	(25,242)	(28,789)
Gross profit		890	3,059	890	3,059
Other operating income		3,304	443	3,304	443
Selling and distribution expenses		(231)	(435)	(231)	(435)
Administrative and other expenses		(1,777)	(1,936)	(1,777)	(1,936)
Finance costs		(12)	(37)	(12)	(37)
Profit before taxation		2,174	1,094	2,174	1,094
Income tax (expense)/credit	B4	(150)	5	(150)	5
Profit after taxation		2,024	1,099	2,024	1,099
Other comprehensive income		-	-	-	-
Total comprehensive income the financial period		2,024	1,099	2,024	1,099
Profit after taxation attributable to:					
- Owners of the Company		2,600	1,276	2,600	1,276
- Non-controlling interests		(576)	(177)	(576)	(177)
		2,024	1,099	2,024	1,099
Total comprehensive income attributable to:					
- Owners of the Company		2,600	1,276	2,600	1,276
- Non-controlling interests		(576)	(177)	(576)	(177)
		2,024	1,099	2,024	1,099
Earnings per share (sen):					
- Basic	B12	0.51	0.25	0.51	0.25
- Diluted ⁽²⁾	B12	0.51	0.25	0.51	0.25

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 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Diluted earnings per share of the Company is equivalent to the basic earnings per share as the potential conversion of warrants and employee share options had an anti-dilutive effect on the basic earnings per share and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020⁽¹⁾

	Note	Unaudited As at 31.03.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		11,510	12,219
Right-of-use assets		17,221	17,305
Goodwill		2,785	2,785
		<u>31,516</u>	<u>32,309</u>
CURRENT ASSETS			
Inventories		18,808	20,786
Trade receivables	B5	9,954	21,653
Other receivables, deposits and prepayments		12,228	12,600
Contract assets		534	1,764
Amount owing by related parties		4,265	8,922
Short-term investments		19,429	9,299
Current tax assets		348	299
Cash and bank balances		13,535	12,164
		<u>79,101</u>	<u>87,487</u>
TOTAL ASSETS		110,617	119,796
EQUITY AND LIABILITIES			
EQUITY			
Share capital		73,465	73,465
Merger deficit		(22,033)	(22,033)
Employee share option reserve		83	83
Retained profits		3,821	1,221
		<u>55,336</u>	<u>52,736</u>
Equity attributable to owners of the Company		55,336	52,736
Non-controlling interests		21,022	21,597
TOTAL EQUITY		76,358	74,333
NON-CURRENT LIABILITIES			
Long-term borrowings	B9	1,434	1,583
Deferred tax liabilities		1,943	1,949
		<u>3,377</u>	<u>3,532</u>
CURRENT LIABILITIES			
Trade payables		12,911	16,456
Other payables and accruals		10,442	12,939
Contract liabilities		6,910	11,782
Amount owing to a related party		161	324
Short-term borrowings	B9	458	430
		<u>30,882</u>	<u>41,931</u>
TOTAL LIABILITIES		34,259	45,463
TOTAL EQUITY AND LIABILITIES		110,617	119,796
Net assets per share (RM)		<u>0.11</u>	<u>0.10</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 2019 and the accompanying explanatory notes attached to this interim financial report.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020⁽¹⁾

	← Non-Distributable →			Distributable		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Employee Share Option Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Attributable to Owners of the Company RM'000		
Balance at 1 January 2020	73,465	(22,033)	83	1,221	52,736	21,597	74,333
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial period	-	-	-	2,600	2,600	(576)	2,024
Balance at 31 March 2020	73,465	(22,033)	83	3,821	55,336	21,021	76,357
Balance at 1 January 2019	73,465	(22,033)	83	(3,615)	47,900	22,421	70,321
Profit/(Loss) after taxation/Total comprehensive income/(expenses) 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

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 2019 and the accompanying explanatory notes attached to this interim financial report.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020⁽¹⁾

	Unaudited Current year-to-date 31.03.2020 RM'000	Unaudited Preceding year-to-date 31.03.2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	2,174	1,094
Adjustments for: -		
Depreciation of property, plant and equipment	1,141	1,155
Depreciation of right-of-use assets	84	-
Interest expense	12	38
Unrealised gain on foreign exchange	(851)	(204)
Fair value gain on short-term investment	*	#
Gain on disposal of plant and equipment	(130)	(100)
Reversal of impairment loss on trade receivable	(2,000)	(69)
Dividend income	(129)	(58)
Interest income	(2)	(3)
	<hr/>	<hr/>
Operating profit before working capital changes	299	1,853
Decrease/(Increase) in inventories	1,978	(121)
(Increase)/Decrease in contract assets	(3,642)	2,350
Decrease in trade and other receivables	14,476	12,757
Decrease in trade and other payables	(5,977)	(8,494)
Decrease/(Increase) in amount owing by related parties	4,812	(10,903)
	<hr/>	<hr/>
CASH FROM/(FOR) OPERATIONS	11,946	(2,558)
Income tax paid	(204)	(24)
Income tax refunded	-	30
Interest received	2	3
Interest paid	(12)	(38)
	<hr/>	<hr/>
NET CASH FROM/(FOR) OPERATING ACTIVITIES	11,732	(2,587)
	<hr/>	<hr/>
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	130	58
Purchase of property, plant and equipment	(432)	(736)
Proceed from disposal of plant and equipment	130	100
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(172)	(578)
	<hr/>	<hr/>

The rest of this page is intentionally left blank

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020⁽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 (FOR)/FROM FINANCING ACTIVITIES		
Repayment of term loans	(104)	(91)
Drawdown of hire purchases obligations	-	364
Drawdown of bankers' acceptances	-	56
Repayment of lease liability	(18)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(122)	329
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	11,438	(2,836)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	62	(10)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	21,464	16,519
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	32,964	13,673
Cash and cash equivalents comprise the following:		
- Short-term investments	19,429	5,657
- Cash and bank balances	13,535	8,016
	32,964	13,673

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 2019 and the accompanying explanatory notes attached to this interim financial report.

*Represents RM148

#Represents RM23

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 2019 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)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022

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 2020

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

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 31.03.2020					
External Revenue	8,845	17,287	-	-	26,132
Inter-segment Revenue	7	-	-	(7)	-
	<u>8,852</u>	<u>17,287</u>	<u>-</u>	<u>(7)</u>	<u>26,132</u>
Segment result					
Profit/(Loss) from operation	3,356	(2,335)	(49)	(33)	939
Depreciation	145	1,064	-	16	1,225
Finance costs	3	9	-	-	12
Interest income	(2)	-	-	-	(2)
Profit/(Loss) before taxation	<u>3,502</u>	<u>(1,262)</u>	<u>(49)</u>	<u>(17)</u>	<u>2,174</u>
Tax expense					(150)
Profit after taxation					<u>2,024</u>
Attributable to:					
Owners of the Company					2,600
Non-controlling interest					(576)
Profit for the period					<u>2,024</u>
Segment assets	36,301	47,007	72,719	(48,195)	107,832
Goodwill	-	-	-	2,785	2,785
Segment liabilities	<u>28,482</u>	<u>16,445</u>	<u>267</u>	<u>(10,935)</u>	<u>34,259</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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/(Loss) before taxation	<u>1,532</u>	<u>(382)</u>	<u>(40)</u>	<u>(16)</u>	<u>1,094</u>
Tax expense					5
Profit after taxation					<u>1,099</u>
Attributable to:					
Owners of the Company					1,276
Non-controlling interest					(177)
Profit for the period					<u>1,099</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>

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 31.03.2020 RM’000	Unaudited Preceding year quarter 31.03.2019 RM’000	Unaudited Current year-to- date 31.03.2020 RM’000	Unaudited Preceding year-to- date 31.03.2019 RM’000
Domestic	8,219	1,818	8,219	1,818
Overseas	17,913	30,030	17,913	30,030
	26,132	31,848	26,132	31,848

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 below, 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.

On 20 April 2020, the wholly-owned subsidiary of the Company, HL Advance Technologies (M) Sdn. Bhd. (“HL Advance”) entered into a Distributor Agreement with Accobiotech Sdn. Bhd. (“ACCO”) to distribute ACCO’s product namely COVID-19 Rapid Test Kit worldwide.

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.

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 31.03.2020 RM’000	Audited As at 31.12.2019 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 2020 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2020 RM’000	Unaudited Preceding year quarter 31.03.2019 RM’000	Unaudited Current year-to- date 31.03.2020 RM’000	Unaudited Preceding year-to- date 31.03.2019 RM’000
Sales of rubber gloves	(9,579)	(9,080)	(9,579)	(9,080)
Sales of glove-dipping machines	(2,942)	(6,969)	(2,942)	(6,969)
Purchase of wood pellets	493	-	493	-

At the Annual General Meeting held on 22 June 2020 (“AGM”), shareholders of the Company had approved the proposed renewal of existing shareholder’s mandate and new 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 AGM.

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 31.03.2020 RM'000	Unaudited Preceding year quarter 31.03.2019 RM'000	Changes RM'000 %	
Revenue	26,132	31,848	(5,716)	(17.95)
Gross profit	890	3,059	(2,169)	(70.91)
Profit before taxation	2,174	1,094	1,080	98.72
Profit after taxation	2,024	1,099	925	84.17
Revenue				
Glove-Dipping Lines	8,845	10,096	(1,251)	(12.39)
Rubber Gloves	17,287	21,752	(4,465)	(20.53)
Corporate	-	-	-	-
	26,132	31,848	(5,716)	(17.95)
Gross profit/(loss)				
Glove-Dipping Lines	2,149	2,384	(235)	(9.86)
Rubber Gloves	(1,259)	675	(1,934)	(286.52)
Corporate	-	-	-	-
	890	3,059	(2,169)	70.91
Profit/(Loss) before taxation				
Glove-Dipping Lines	3,495	1,519	1,976	130.09
Rubber Gloves	(1,272)	(385)	(887)	230.39
Corporate	(49)	(40)	(9)	22.50
	2,174	1,094	1,080	98.72

For the current financial quarter under review, the Group recorded revenue of RM26.132 million, decrease of 17.95% as compared to RM31.848 million in the preceding year quarter. The decrease in revenue was attributable to lower revenue in both glove-dipping lines and rubber gloves segments.

The Group recorded a gross profit of RM0.890 million with a gross profit margin of 3.41% for the current quarter under review as compared to a gross profit of RM3.059 million with a gross profit margin of 9.60% in the preceding year quarter. The gross profit achieved by the glove-dipping lines segment was partly off-set by the gross loss from rubber glove segment which resulted the decrease in both gross profit and gross profit margin.

The Group recorded profit before taxation of RM2.174 million as compared to a profit before taxation of RM1.094 million in the preceding year quarter was mainly due to reversal of impairment loss on a trade debtor.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 RM8.845 million, a decrease of 12.39% as compared to RM10.096 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 RM8.023 million from an order secured in the year 2019 but whose implementation commenced on January 2020 as well as revenue contribution from outstanding orders brought forward from previous financial year. Currently, five orders are in progress which comprised of three local orders and two foreign orders. Local market contributes significant portion of revenue amounting to RM6.176 million or 69.82% of the glove-dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM2.149 million with a gross profit margin of 24.30% as compared to a gross profit of RM2.384 million with gross profit margin of 23.61% in the preceding year quarter.

The glove-dipping lines segment recorded profit before taxation of RM3.495 million as compared to a profit before taxation of RM1.519 million in the preceding year quarter was due to reversal of impairment loss on a trade debtor.

Rubber Gloves

HL Rubber Industries Sdn. Bhd. ("HLRI") is principally engaged in the business of manufacturing and trading of rubber gloves. Rubber gloves segment delivered revenue of RM17.287 million, decrease of 20.53% as compared to RM21.752 million in preceding year quarter. The lower revenue was mainly due to the decrease in sales volumes for the current quarter. Export sales contributed 88.14% of the total revenue of rubber gloves segment. The export market mainly consists of Taiwan, Japan and United States of America.

The rubber gloves segment recorded a gross loss of RM1.259 million with gross loss margin 7.28% as compared to a gross profit of RM0.675 million with gross profit margin of 3.10% in the preceding year quarter. The rubber gloves segment recorded loss before taxation of RM1.272 million as compared to a loss before taxation of RM0.385 million in the preceding year quarter. The loss was mainly due to HLRI clearing of the old stock at the discounted price in the current quarter under review. This is to facilitate the production flow to run full capacity due to overwhelming demand of gloves from our customers during this COVID-19 pandemic.

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 2020

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

B2. Comparison with immediate preceding quarter's results

	Unaudited Current Quarter 31.03.2020 RM'000	Unaudited Preceding Quarter 31.12.2019 RM'000	Changes RM'000	%
Revenue	26,132	29,727	(3,595)	(12.09)
Profit/(Loss) before taxation	2,174	(2,738)	4,912	179.40
Revenue				
Glove-Dipping Lines	8,845	10,413	(1,568)	(15.06)
Rubber Gloves	17,287	19,314	(2,027)	(10.49)
Corporate	-	-	-	-
	26,132	29,727	(3,595)	(12.09)
Profit/(Loss) before taxation				
Glove-Dipping Lines	3,495	(1,620)	5,115	(315.74)
Rubber Gloves	(1,272)	(1,086)	(186)	17.13
Corporate	(49)	(32)	(17)	53.13
	2,174	(2,738)	4,912	179.40

The Group's revenue for the current quarter has decreased by RM3.595 million or 12.09% to RM26.132 million as compared to RM29.727 million in the preceding quarter. The decrease in revenue was mainly attributable to the lower revenue generated from both glove-dipping lines and rubber gloves segments.

The Group recorded profit before taxation of RM2.174 million as compared to a loss before taxation of RM2.738 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 reversal of impairment loss on a trade debtor.

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, especially the Coronavirus Disease 2019 outbreak as pandemic. The gloves are the essential item for the medical supplies. The growth are also driven by increasing demand arising from other end-user markets such as manufacturing, 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 Segment 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 2020

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

B4. Income tax expense

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 31.03.2020 RM'000	Unaudited Preceding year quarter 31.03.2019 RM'000	Unaudited Current year-to- date 31.03.2020 RM'000	Unaudited Preceding year-to- date 31.03.2019 RM'000
Current tax expense	155	-	155	-
Deferred taxation	(5)	(5)	(5)	(5)
	150	(5)	150	(5)

B5. Trade receivables

	Unaudited As at 31.03.2020 RM'000	Audited As at 31.12.2019 RM'000
Trade receivables	26,989	40,684
Allowance for impairment losses	(17,035)	(19,031)
	9,954	21,653
Allowance for impairment losses: -		
At 1 January	(19,031)	(16,870)
Addition during the financial year	-	(2,162)
Reversal during the financial period	2,000	-
Exchange Rate differences	(4)	-
At 31 March/31 December	(17,035)	(19,031)

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.

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 2020

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 2020

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 2020 are as follows:-

	Unaudited As at 31.03.2020 RM'000	Audited As at 31.12.2019 RM'000
Short-term borrowings:		
Lease Liability	72	71
Term loans	386	359
	<hr/> 458	<hr/> 430
Long-term borrowings:		
Lease Liability	223	241
Term loans	1,211	1,342
	<hr/> 1,434	<hr/> 1,583
Total borrowings	<hr/> 1,892	<hr/> 2,013

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.

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 31.03.2020	Unaudited Current year-to-date 31.03.2020
Profit after taxation attributable to owners of the Company (RM'000)	2,600	2,600
Weighted average number of ordinary shares in issue ('000)	511,977	511,977
Basic EPS (sen)	0.51	0.51
Diluted EPS (sen) ⁽¹⁾	0.51	0.51

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.*

The rest of this page is intentionally left blank

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

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 31.03.2020 RM'000	Unaudited Current year-to-date 31.03.2020 RM'000
Depreciation of property, plant and equipment	1,141	1,141
Depreciation of right-of-use assets	84	84
Interest expense	12	12
Reversal of impairment loss on trade receivable	(2,000)	(2,000)
Realised gain on foreign exchange	(126)	(126)
Gain on disposal of plant and equipment	(130)	(130)
Unrealised gain on foreign exchange	(851)	(851)
Interest income	(2)	(2)
Dividend income	(129)	(129)

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

The rest of this page is intentionally left blank