



HLT GLOBAL BERHAD

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

Year 2023

Quarterly Announcement

For the Second Quarter Ended 30 June 2023

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023⁽¹⁾

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 30.06.2023 RM'000	Unaudited Preceding year quarter 30.06.2022 RM'000	Unaudited Current year- to-date 30.06.2023 RM'000	Unaudited Preceding year- to-date 30.06.2022 RM'000
Revenue	A9	22,557	17,798	31,429	47,681
Cost of sales		(22,027)	(19,195)	(31,727)	(46,697)
Gross profit/(loss)		530	(1,397)	(298)	984
Other operating income		2,921	3,061	3,591	3,150
Selling and distribution expenses		(131)	(169)	(201)	(384)
Administrative and other expenses		(2,660)	(3,693)	(5,029)	(6,391)
Finance costs		(5)	(3)	(5)	(3)
Profit/(Loss) before taxation		655	(2,201)	(1,942)	(2,644)
Tax expense	B4	(1,195)	(694)	(1,548)	(1,389)
Loss after taxation		(540)	(2,895)	(3,490)	(4,033)
Other comprehensive income		-	-	-	-
Total comprehensive expense for the financial period		(540)	(2,895)	(3,490)	(4,033)
Loss after taxation attributable to:					
- Owners of the Company		(516)	(2,879)	(3,446)	(4,001)
- Non-controlling interests		(24)	(16)	(44)	(32)
		(540)	(2,895)	(3,490)	(4,033)
Total comprehensive expense attributable to:					
- Owners of the Company		(516)	(2,879)	(3,446)	(4,001)
- Non-controlling interests		(24)	(16)	(44)	(32)
		(540)	(2,895)	(3,490)	(4,033)
Loss per share (sen):					
- Basic	B11	(0.07)	(0.41)	(0.44)	(0.56)
- Diluted	B11	(0.07)	(0.41)	(0.44)	(0.56)

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 2022 and the accompanying explanatory notes attached to this interim financial report.

HLT GLOBAL BERHAD

Registration No: [201501038003 (1163324-H)]
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023⁽¹⁾

	Note	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		57,077	52,954
Right-of-use assets		53,704	54,076
		<u>110,781</u>	<u>107,030</u>
CURRENT ASSETS			
Inventories		30,425	31,941
Trade receivables	B5	13,745	17,995
Other receivables, deposits and prepayments		10,487	14,872
Contract assets		222	880
Short-term investments		4,083	4,023
Current tax assets		6,286	5,368
Fixed deposits with licensed banks		32,901	37,800
Cash and bank balances		4,629	10,304
		<u>102,778</u>	<u>123,183</u>
TOTAL ASSETS		<u>213,559</u>	<u>230,213</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		208,274	207,162
Merger deficit		(22,033)	(22,033)
Employee share option reserve		11,015	10,352
Accumulated losses		(73,741)	(70,295)
		<u>123,515</u>	<u>125,186</u>
Equity attributable to owners of the Company		123,515	125,186
Non-controlling interests		445	489
TOTAL EQUITY		<u>123,960</u>	<u>125,675</u>
NON-CURRENT LIABILITIES			
Term loan	B8	288	371
Deferred tax liabilities		4,288	3,940
		<u>4,576</u>	<u>4,311</u>
CURRENT LIABILITIES			
Trade payables		20,766	22,469
Other payables and accruals		18,713	21,120
Contract liabilities		45,249	56,352
Amount owing to related parties		152	148
Term loan	B8	143	138
		<u>85,023</u>	<u>100,227</u>
TOTAL LIABILITIES		<u>89,599</u>	<u>104,538</u>
TOTAL EQUITY AND LIABILITIES		<u>213,559</u>	<u>230,213</u>
Net assets per share (RM)		<u>0.16</u>	<u>0.16</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 2022 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023⁽¹⁾

	← Non-Distributable →			Distributable	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000			
Balance at 1 January 2023	207,162	(22,033)	10,352	(70,295)	125,186	489	125,675
Loss after taxation/Total comprehensive expenses for the financial period	-	-	-	(3,446)	(3,446)	(44)	(3,490)
Contributions by and distribution to owners of the Company:							
- Issuance of ordinary shares pursuant to:							
- Warrants exercised	1,112	-	-	-	1,112	-	1,112
- Share options to employees	-	-	663	-	663	-	663
Total transactions with owners	1,112	-	663	-	1,775	-	1,775
Balance at 30 June 2023	208,274	(22,033)	11,015	(73,741)	123,515	445	123,960

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023⁽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	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000		
Balance at 1 January 2022	188,730	(22,033)	9,304	(17,053)	158,948	561	159,509
Loss after taxation/Total comprehensive expenses for the financial period	-	-	-	(4,001)	(4,001)	(32)	(4,033)
Contributions by and distribution to owners of the Company:							
- Issuance of ordinary shares pursuant to:							
- Private Placement	11,745	-	-	-	11,745	-	11,745
- Private Placement expenses	-	-	-	(59)	(59)	-	(59)
- Warrants exercised	11	-	-	-	11	-	11
- Share options to employees	-	-	663	-	663	-	663
Total transactions with owners	11,756	-	663	(59)	12,360	-	12,360
Balance at 30 June 2022	200,486	(22,033)	9,967	(21,113)	167,307	529	167,836

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 2022 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023⁽¹⁾

	Unaudited Current year-to-date 30.06.2023 RM'000	Unaudited Preceding year-to-date 30.06.2022 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Loss before taxation	(1,942)	(2,644)
Adjustments for: -		
Depreciation of property, plant and equipment	295	3,289
Depreciation of right-of-use assets	373	369
Property, plant and equipment written off	-	3
Interest expense	5	3
Share options to employees	663	663
Unrealised gain on foreign exchange	(2,072)	(2,803)
Dividend income	(29)	(24)
Fair value gain on short-term investment	(32)	(19)
Gain on disposal of plant and equipment	-	(95)
Interest income	(826)	(31)
Reversal of impairment loss on a trade receivable	(408)	-
	<hr/>	<hr/>
Operating loss before working capital changes	(3,973)	(1,289)
Decrease in inventories	1,516	6,215
Decrease/(Increase) in trade and other receivables	9,403	(6,748)
Decrease in amount owing by related parties	-	10
Increase in amount owing to related parties	4	48
Decrease in trade and other payables	(4,333)	(11,131)
(Decrease)/increase in contract liabilities	(11,102)	49,605
Decrease in contract assets	658	2,474
	<hr/>	<hr/>
CASH (FOR)/FROM OPERATIONS	(7,827)	39,184
Income tax paid	(2,119)	(5,099)
Income tax refunded	-	320
Interest received	808	17
Interest paid	(5)	(3)
	<hr/>	<hr/>
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(9,143)	34,419
	<hr/>	<hr/>
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	61	43
Purchase of property, plant and equipment	(4,419)	(16,804)
Proceed from disposal of plant and equipment	-	95
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(4,358)	(16,666)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023⁽¹⁾ (CONT'D)

	Unaudited Current year-to-date 30.06.2023 RM'000	Unaudited Preceding year-to-date 30.06.2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of ordinary shares	1,113	11,697
Repayment of term loans	(79)	(75)
NET CASH FROM FINANCING ACTIVITIES	1,034	11,622
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,467)	29,375
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	1,934	2,480
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	50,557	33,053
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	40,024	64,908
Cash and cash equivalents comprise the following:		
- Fixed deposit with licensed banks	32,901	1,553
- Short-term investments	4,083	3,977
- Cash and bank balances	4,629	60,931
	41,613	66,461
Less: Fixed deposit with tenure of more than 3 months	(1,589)	(1,553)
	40,024	64,908

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 2022 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During the 6-month period ended 30 June 2023, 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 17: Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

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.

A6. Material changes in estimates

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

A7. Debt and equity securities

During the 6-month period ended 30 June 2023, the Company increased its issued and paid-up share capital from RM207,161,816 to RM208,274,306 by way of issuance of 5,562,450 new ordinary shares from exercise of warrants at an exercise price of RM0.20 which amounted to RM1,112,490.

Other than as disclosed above, 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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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 30.06.2023					
External Revenue	28,499	2,930	-	-	31,429
Inter-segment Revenue	467	-	-	(467)	-
	<u>28,966</u>	<u>2,930</u>	<u>-</u>	<u>(467)</u>	<u>31,429</u>
Segment result					
Profit/(Loss) from operation	4,751	(5,364)	(1,050)	(126)	(1,789)
Depreciation	434	189	-	45	668
Finance costs	5	-	-	-	5
Interest income	(798)	(28)	-	-	(826)
Profit/(Loss) before taxation	<u>4,392</u>	<u>(5,203)</u>	<u>(1,050)</u>	<u>(81)</u>	<u>(1,942)</u>
Tax expense					<u>(1,548)</u>
Loss after taxation					<u>(3,490)</u>
Attributable to:					
Owners of the Company					(3,446)
Non-controlling interest					<u>(44)</u>
Loss for the financial period					<u>(3,490)</u>
Segment assets	<u>102,780</u>	<u>104,775</u>	<u>120,214</u>	<u>(114,210)</u>	<u>213,559</u>
Segment liabilities	<u>76,146</u>	<u>73,765</u>	<u>401</u>	<u>(60,713)</u>	<u>89,599</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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 30.06.2022					
External Revenue	38,263	9,418	-	-	47,681
Inter-segment Revenue	2,841	-	-	(2,841)	-
	41,104	9,418	-	(2,841)	47,681
Segment result					
Profit/(Loss) from operation	7,575	(12,576)	(945)	(329)	(6,275)
Depreciation	405	3,297	-	(43)	3,659
Finance costs	3	-	-	-	3
Interest income	(16)	(14)	(1)	-	(31)
Profit/(Loss) before taxation	7,967	(9,293)	(946)	(372)	(2,644)
Tax expense					(1,389)
Loss after taxation					(4,033)
Attributable to:					
Owners of the Company					(4,001)
Non-controlling interest					(32)
Loss for the financial period					(4,033)
Segment assets	132,014	141,028	182,332	(186,840)	268,534
Goodwill	-	-	-	2,785	2,785
Segment liabilities	107,254	58,438	382	(62,591)	103,483

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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 30.06.2023 RM’000	Unaudited Preceding year quarter 30.06.2022 RM’000	Unaudited Current year-to- date 30.06.2023 RM’000	Unaudited Preceding year-to- date 30.06.2022 RM’000
Domestic	1,351	7,212	6,982	21,936
Overseas	21,206	10,586	24,447	25,745
	22,557	17,798	31,429	47,681

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

There was no material event subsequent to the end of the current financial quarter under review.

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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 30.06.2023 RM’000	Audited As at 31.12.2022 RM’000
Bank guarantee extended by subsidiaries to third parties	1,431	1,343

A14. Capital commitments

The capital commitment in respect of property, plant and equipment as at the end of the current financial quarter as follows:-

	Unaudited As at 30.06.2023 RM’000	Audited As at 31.12.2022 RM’000
Purchase of property, plant and equipment	7,241	10,633

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 30 June 2023 were as follows:-

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 30.06.2023 RM’000	Unaudited Preceding year quarter 30.06.2022 RM’000	Unaudited Current year-to- date 30.06.2023 RM’000	Unaudited Preceding year-to- date 30.06.2022 RM’000
Purchase of wood pellets	-	197	-	319
Legal and advisory fee	4	9	12	21
Secretarial Services	27	-	42	-
Sales Commission	47	-	47	-

At the Annual General Meeting held on 12 June 2023 (“AGM”), shareholders of the Company had approved the proposed renewal of existing shareholder’s 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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

Financial review for current quarter:

	--- Individual Quarter ---				--- Cumulative Quarter ---			
	Unaudited Current year quarter 30.06.2023 RM'000	Unaudited Preceding year quarter 30.06.2022 RM'000	Changes		Unaudited Current year-to-date 30.06.2023 RM'000	Unaudited Preceding year- to-date 30.06.2022 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	22,557	17,798	4,759	26.74	31,429	47,681	(16,252)	(34.08)
Gross profit/(loss)	530	(1,397)	1,927	(137.94)	(298)	984	(1,282)	(130.28)
Profit/(Loss) before taxation	655	(2,201)	2,856	(129.76)	(1,942)	(2,644)	702	(26.55)
Loss after taxation	(540)	(2,895)	2,355	(81.35)	(3,490)	(4,033)	543	(13.46)
Revenue								
Glove-Dipping Lines	21,870	15,742	6,128	38.93	28,499	38,263	(9,764)	(25.52)
Rubber Gloves	687	2,056	(1,369)	(66.59)	2,930	9,418	(6,488)	(68.89)
Corporate	-	-	-	-	-	-	-	-
	22,557	17,798	4,759	26.74	31,429	47,681	(16,252)	(34.08)
Gross profit/(loss)								
Glove-Dipping Lines	2,943	3,035	(92)	(3.03)	4,050	7,513	(3,463)	(46.09)
Rubber Gloves	(2,413)	(4,432)	2,019	(45.56)	(4,348)	(6,529)	2,181	(33.40)
Corporate	-	-	-	-	-	-	-	-
	530	(1,397)	1,927	(137.94)	(298)	984	(1,282)	(130.28)
Profit/(Loss) before taxation								
Glove-Dipping Lines	4,004	4,396	(392)	(8.92)	4,294	7,456	(3,162)	(42.41)
Rubber Gloves	(2,737)	(6,127)	3,390	(55.33)	(5,200)	(9,154)	3,954	(43.19)
Corporate	(612)	(470)	(142)	30.21	(1,036)	(946)	(90)	9.51
	655	(2,201)	2,856	(129.76)	(1,942)	(2,644)	702	(26.55)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance (Cont'd)

For the current financial quarter under review, the Group recorded a revenue of RM22.557 million, reflecting an increase of 26.74% as compared to RM17.798 million in the preceding year quarter. The increase in revenue was mainly attributable to the increase in revenue from glove-dipping lines segment but partially offset by a decrease in rubber gloves segment.

The Group recorded revenue of RM31.429 million for the financial period ended 30 June 2023 ("FPE 2023"), decrease of 34.08% as compared to previous financial period ended 30 June 2022 ("FPE 2022"). The decrease of RM16.25 million in revenue was mainly attributable to the decrease in revenue from both glove-dipping lines and rubber gloves segments.

The Group recorded a gross profit of RM0.530 million with a gross profit margin of 2.35% as compared to gross loss of RM1.397 million with gross loss margin of 7.85% in the preceding year quarter. However, for FPE 2023, the Group recorded a gross loss of RM0.298 million with gross loss margin of 0.95% as compared to gross profit of RM0.984 million with gross profit margin of 2.06% for FPE 2022. The Group's performance was affected by significant decrease in sales revenue of the rubber gloves segment.

The Group recorded RM2.921 million in other operating income which mainly consist of unrealised gain on foreign exchange. The decrease of RM1.069 million in other operating expenses for current year quarter was mainly due to decrease in payment of sales tax for rubber gloves segment.

Glove-Dipping Lines

The glove-dipping lines segment recorded revenue of RM21.870 million, increase of 38.93% as compared to RM15.742 million in the preceding year quarter. For the FPE 2023, the glove-dipping lines segment recorded revenue of RM28.499 million, decrease of 25.52% as compared to RM38.263 million. 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 RM28.139 million from outstanding orders brought forward from previous financial year. Currently, three orders are in progress which comprised of a local order and two foreign orders. Export market contributes significant portion of revenue amounting to RM23.151 million or 81.23% of the glove dipping lines segment's total revenue.

The glove-dipping lines segment recorded a gross profit of RM2.943 million with a gross profit margin of 13.46% as compared to gross profit of RM3.035 million with a gross profit margin of 19.28% in the preceding year quarter. For FPE 2023, the glove-dipping lines segment recorded gross profit of RM4.050 million with gross profit margin of 14.21% as compared to gross profit of RM7.513 million with gross profit margin of 19.64%. The decrease in gross profit margin was due to lower gross profit recognised in the ongoing projects.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B1. Review of performance (Cont'd)

The glove-dipping lines segment recorded a profit before taxation of RM4.004 million as compared to a profit before taxation of RM4.396 million in the preceding year quarter and lower profit before taxation of RM4.294 million in the FPE 2023 as compared to RM7.456 million in the FPE 2022.

Rubber Gloves

HL Rubber Industries Sdn Bhd ("HLRI") is principally engaged in the business of manufacturing and trading of rubber gloves. The rubber gloves segment delivered revenue of RM0.687 million, decrease of 66.59% as compared to RM2.056 million in the preceding year quarter. For the FPE 2023, the rubber gloves segment recorded revenue of RM2.930 million, decrease of 68.89% as compared to RM9.418 million in the FPE 2022. Export sales contributed 44.26% of the total revenue of rubber gloves segment. The export market mainly consists of United States of America, Singapore, Taiwan, and China.

The rubber gloves segment recorded a gross loss of RM2.413 million with a gross loss margin of 351.24% as compared to a gross loss of RM4.432 million with a gross loss margin of 215.56% in the preceding year quarter. For FPE 2023, the rubber gloves segment recorded gross loss of RM4.348 million with gross loss margin of 148.40% as compared to gross loss of RM6.529 million with gross loss margin of 69.32%.

The rubber gloves segment recorded loss before taxation of RM2.737 million as compared to a loss before taxation of RM6.127 million in the preceding year quarter. For FPE 2023, the rubber gloves segment recorded loss before taxation of RM5.200 million as compared to loss before taxation of RM9.154 million in the FPE 2022.

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B2. Comparison with immediate preceding quarter's results

	Unaudited Current Quarter 30.06.2023 RM'000	Unaudited Preceding Quarter 31.03.2023 RM'000	Changes	
			RM'000	%
Revenue	22,557	8,872	13,685	154.25
Loss before taxation	655	(2,597)	3,252	(125.22)
Revenue				
Glove-Dipping Lines	21,870	6,629	15,241	229.91
Rubber Gloves	687	2,243	(1,556)	(69.37)
Corporate	-	-	-	-
	22,557	8,872	13,685	154.25
Profit/(Loss) before taxation				
Glove-Dipping Lines	4,004	290	3,714	1,280.69
Rubber Gloves	(2,737)	(2,463)	(274)	11.12
Corporate	(612)	(424)	(188)	44.34
	655	(2,597)	3,252	(125.22)

The Group's revenue for the current quarter has increased by RM13.685 million or 154.25% to RM22.557 million compared to RM8.872 million in the preceding quarter. The increase in revenue was attributed to higher revenue contributed from glove-dipping lines segment but was partially offset by lower revenue generate from rubber gloves segment. Meanwhile, the profit before taxation increased by RM3.252 million to RM0.655 million as compared to loss before taxation of RM2.597 million in the preceding quarter. The increase in profit before taxation is mainly attributable to improved performance from glove-dipping lines segments.

B3. Commentary on prospects

The rubber glove industry is experiencing the effects of normalisation after delivering exceptionally high earnings over the past two years due to surge in demand for gloves and higher average selling price during the pandemic. The overcapacity from aggressive expansions as well as buyers' excessive stockpiling during the pandemic has led to market supply-demand imbalances and the ongoing intensified market competition.

In view of the increasing challenging business outlook, the group is cautiously optimistic about the prospect for the industry given the expected continued post-pandemic growth in rubber gloves demand over the long-term period. As projected by Malaysian Rubber Glove Manufacturers Association ("MARGMA"), the gloves demand will resume its 12% to 15% growth per annum given the various growth drivers, for instance rising hygiene awareness, ageing population and recovery in non-Covid-19 related demand.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B4. Tax expense

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 30.06.2023 RM'000	Unaudited Preceding year quarter 30.06.2022 RM'000	Unaudited Current year-to- date 30.06.2023 RM'000	Unaudited Preceding year-to- date 30.06.2022 RM'000
Current tax expense	1,200	700	1,200	1,400
Deferred taxation	(5)	(6)	348	(11)
	<u>1,195</u>	<u>694</u>	<u>1,548</u>	<u>1,389</u>

B5. Trade receivables

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
Trade receivables	36,984	41,642
Allowance for impairment losses	(23,239)	(23,647)
	<u>13,745</u>	<u>17,995</u>
Allowance for impairment losses: -		
At 1 January	(23,647)	(21,556)
Addition during the financial year	-	(2,091)
Reversal during the financial year	408	-
At 30 June/31 December	<u>(23,239)</u>	<u>(23,647)</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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B7. Status of corporate proposal

Save as disclosed below, there was no corporate proposal announced or outstanding as at the date of this report.

Proposed Capital Reduction

On 17 March 2023, KAF Investment Bank Berhad had, on behalf of the Board of Directors of the Company announced that the Company is proposing to undertake a reduction of its issued share capital pursuant to Section 116 of the Companies Act, 2016 ("Act") ("Proposed Capital Reduction").

The Proposed Capital Reduction entails the reduction of RM120.0 million of the issued share capital of the Company pursuant to Section 116 of the Act. The corresponding credit of RM120.0 million arising from such cancellation will be utilised to set-off against the accumulated losses of the Company and the remaining balance will be credited to the retained earnings of the Company which shall be utilised in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the ACE Market Listing Requirements of Bursa Securities as well as the Constitution of the Company.

The Proposed Capital Reduction is subject to the following approvals being obtained:-

- (a) the shareholders of the Company for the Proposed Capital Reduction at an Extraordinary General Meeting ("EGM") to be convened;
- (b) the sanction of the Court pursuant to Section 116 of the Act; and
- (c) any other relevant authorities/parties (if applicable).

At the EGM held on 12 June 2023, the shareholders of the Company had approved the Proposed Capital Reduction.

Following the approval, the Company has filed an application to the High Court of Malaya at Shah Alam ("High Court") to seek sanction from the High Court for the Proposed Capital Reduction in accordance with Section 116 of the Act. The hearing for the petition for the Proposed Capital Reduction is fixed on 5 September 2023.

B8. Group borrowings and debt securities

Total Group's borrowings as at 30 June 2023 are as follows:-

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
Term loan:		
Current	143	138
Non-current	288	371
	<u>431</u>	<u>509</u>

The term loans are secured and denominated in Ringgit Malaysia.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B9. Material litigation

Save as disclosed below, there was no material litigation pending as at the date of this announcement.

1. **Kuala Lumpur High Court Civil Suit No.: WA-22NCC-390-08/2020 (“Suit 390”): WRP Asia Pacific Sdn. Bhd. (“the Plaintiff”) v Lee Son Hong (“Dato’ Lee”) (1st Defendant), Too Sooi Keng (“Too”) (2nd Defendant), HL Advance Technologies (M) Sdn. Bhd. (“HLA”) (3rd Defendant), Chan Yoke Chun (“Chan”) (4th Defendant), Wong Kok Wah (“Wong”) (5th Defendant), Lee Soon Khim (“Khim”) (6th Defendant) and Cheong Ah Yoke (“Cheong”) (7th Defendant)**

On 28 August 2020, HLA, a wholly-owned subsidiary of the Company has been served with a sealed Writ of Summons No. WA-22NCC-390-08/2020 accompanied by a Statement of Claim, both dated 18 August 2020 by the Plaintiff who alleges, inter alia, that in the course of an internal investigation conducted by the Plaintiff, it was discovered that Dato’ Lee, Too, HLA, Chan and/or Wong had conspired to pay a total of RM36,000,000.00 to HLA to the detriment of the Plaintiff.

On 6 October 2020, HLA filed its defence disputing the Plaintiff’s claim and counterclaim against the Plaintiff and WRP Specialty Products Sdn Bhd (“WRP Specialty”). HLA has amongst others, counterclaimed against the Plaintiff and WRP Specialty the indemnity for the stamp duty and ancillary expenses relating to the settlement agreement and in the event the settlement agreement is held to be null and void, the sum of RM10,080,444.57 against the Plaintiff and RM6,354,577.14 against WRP Specialty. HLA’s counterclaim against the Plaintiff and WRP Specialty was subsequently withdrawn.

The Plaintiff’s Statement of Claim was subsequently amended to include Khim and Cheong as the 6th and 7th Defendants respectively. The Plaintiff’s claim sum was also amended to RM 49,954,578.84.

On 30 March 2022, the Court of Appeal struck out the Plaintiff’s claim against both Chan and Wong. On 13 April 2022, the Plaintiff made amendments to its Statement of Claim to remove Chan and Wong as parties to the proceedings.

The matter is fixed for continued trial on 11 September 2023 and 22 September 2023 together with Suit 103 below.

The solicitor for HLA is of the view that HLA has a reasonable chance of success in defending the claim by the Plaintiff. The solicitor of HLA is however unable to give any estimation on the amount of potential loss or gain at this juncture.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B9. Material litigation (cont'd)

2. **Kuala Lumpur High Court Civil Suit No.: WA-22NCC-103-03/2022 (“Suit 103”): HL Advance Technologies (M) Sdn. Bhd. (“HLA”) v WRP Asia Pacific Sdn. Bhd. (“1st Defendant”), WRP Specialty Products Sdn. Bhd. (“2nd Defendant”), Sng Beng Hock Michael (“3rd Defendant”), Loong Mei Yin (“4th Defendant”) and Abinash Majhi (“5th Defendant”)**

On 15 March 2022, HLA has filed a Writ Summons and Statement of Claim at the High Court of Malaya at Kuala Lumpur against the following parties:-

- WRP Asia Pacific Sdn. Bhd. (1st Defendant”);
- WRP Specialty Products Sdn. Bhd. (“2nd Defendant”);
- Sng Beng Hock Michael (“3rd Defendant”);
- Loong Mei Yin (“4th Defendant”); and
- Abinash Majhi (“5th Defendant”).

The circumstances leading to the filing of the Writ Summons and Statement of Claim by HLA is based on, inter alia, the sum of RM16,435,021.71 (“Outstanding Sums”) as at 30 November 2018 due and owing by the 1st and 2nd Defendants to HLA for equipment, goods and services provided by HLA to the 1st and 2nd Defendants and the interests on the Outstanding Sums. HLA contends that HLA was requested by the 1st and 2nd Defendants through their director, to enter into a Settlement Agreement whereby Advanced Healthcare Products Sdn Bhd (“AHP”) will effect payment of the Outstanding Sums on behalf of the 1st and 2nd Defendants. AHP was, however subsequently wound-up by the High Court of Malaya at Ipoh and the 1st and 2nd Defendants accordingly remain liable to HLA for the Outstanding Sums. HLA also sought for a declaration that the 3rd, 4th and 5th Defendants are guilty of fraudulent trading under Section 540 of the Companies Act 2016 and for the 3rd, 4th and 5th Defendants to be personally liable for the Outstanding Sums, given among others, the involvement of the 3rd, 4th and 5th Defendants in the business of the 1st and 2nd Defendants, and that the 3rd, 4th and 5th Defendants in having first allowed the said Outstanding Sums to be incurred and/or continuing to deny the liability of the 1st and 2nd Defendants for the said Outstanding Sums. Further, HLA also contends that the 3rd and 4th Defendants are guilty of fraudulent trading under Section 540 of the Companies Act 2016 given among others, the following involvements of the 3rd and 4th Defendants in the business of 1st Defendant, 2nd Defendants, Tael Management Co. (Malaysia) Sdn Bhd and Tael Group which HLA contends, are clearly intended to relegate the rights and interests of the creditors of the 2nd Defendant, including HLA: -

- Tael Management Co. (Malaysia) Sdn Bhd, the appointed receiver and manager of the property of the 2nd Defendant;
- Tael Management Co (Malaysia) Sdn Bhd is part of the Tael Group which is a substantial investor in the 1st Defendant;
- The 3rd and 4th Defendants are co-founders of the Tael Group; and
- The Notice of Appointment of Receiver of the 2nd Defendant was signed by the 4th Defendant for and on behalf of Tael Management Co (Malaysia) Sdn Bhd pursuant to a purported Debenture dated 3 September 2019.

On 25 July 2022, the 1st, 3rd, 4th and 5th Defendants filed an application (“Application”) for the following orders:-

- that the Statement of Claim be struck out;
- alternative, that the claim against the 1st, 3rd, 4th and 5th Defendants be struck out;
- consequent to the order made upon prayers 1 and/or 2 above, HLA’s action against the 1st, 3rd, 4th and 5th Defendants stand dismissed;
- such further and/or other orders and/or relief as this Honourable Court deems just and appropriate; and
- costs.

The Application was heard and dismissed on 4 October 2022, with costs of RM 3,500.00 to be paid by the 1st, 3rd, 4th and 5th Defendants to HLA.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B9. Material litigation (cont'd)

2. Kuala Lumpur High Court Civil Suit No.: WA-22NCC-103-03/2022 ("Suit 103"): HL Advance Technologies (M) Sdn. Bhd. ("HLA") v WRP Asia Pacific Sdn. Bhd. ("1st Defendant"), WRP Specialty Products Sdn. Bhd. ("2nd Defendant"), Sng Beng Hock Michael ("3rd Defendant"), Loong Mei Yin ("4th Defendant") and Abinash Majhi ("5th Defendant")

The 2nd Defendant, WRP Specialty has counterclaimed against the HLA for the following reliefs:-

- a declaration that this action is an abuse of the Court's process;
- a declaration that the settlement agreement dated 15 May 2019 is valid and enforceable;
- general damages for abuse of the court's process be assessed and paid by the HLA to the 2nd Defendant;
- aggravated damages;
- exemplary damages;
- interests at a rate of 5% per annum from the judgment date; and
- costs to be paid by HLA on an indemnity basis.

The matter is fixed for continued trial on 11 September 2023 and 22 September 2023 together with Suit 390 above.

The solicitor for HLA is of the view that HLA has a reasonable chance of success in the claim against the Defendants and in the defence against the 2nd Defendant's counterclaim. The solicitor for HLA is however unable to give any estimation on the amount of potential loss or gain at this juncture.

B10. 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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B11. 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 30.06.2023	Unaudited Current year-to-date 30.06.2023
Loss after taxation attributable to owners of the Company (RM'000)	(516)	(3,446)
Basic		
Weighted average number of ordinary shares in issue ('000): -		
Issued ordinary shares on 1 January	769,826	769,826
Effect of new ordinary shares issued pursuant to:		
- Warrants	-	5,439
Weighted average number of ordinary shares for the financial period	769,826	775,265
Basic LPS (sen)	(0.07)	(0.44)
Diluted LPS (sen) ⁽¹⁾	(0.07)	(0.44)

Note:-

- (1) *The potential conversion of ESOS are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial period. Accordingly, the exercise of ESOS has been ignored in the calculation of dilutive earnings per share.*

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

B12. 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 30.06.2023 RM'000	Unaudited Current year-to-date 30.06.2023 RM'000
Depreciation of property, plant and equipment	152	295
Depreciation of right-of-use assets	187	373
Share options expenses	332	663
Interest expense	5	5
Realised gain on foreign exchange	(93)	(123)
Unrealised gain on foreign exchange	(1,852)	(2,072)
Fair value gain on short-term investment	(16)	(32)
Interest income	(441)	(826)
Dividend income	(15)	(29)

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

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