

Condensed Unaudited Consolidated Statement of Financial Position
As At 30 June 2023

	As at 30.06.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	414,632	431,747
Goodwill on consolidation	22	22
Right-of-use assets	13,049	13,250
Other investments	10,000	10,000
Investment properties	26,422	26,422
Total non-current assets	<u>464,125</u>	<u>481,441</u>
Current assets		
Inventories	78,297	109,684
Trade and other receivables	70,550	69,856
Prepayments	2,420	2,717
Tax Recoverable	95,448	89,651
Other investment	104,450	102,673
Cash and cash equivalents	147,392	134,563
Total current assets	<u>498,557</u>	<u>509,144</u>
TOTAL ASSETS	<u><u>962,682</u></u>	<u><u>990,585</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	142,985	142,985
Treasury shares	(5,512)	(5,368)
Reserves	721,107	754,429
TOTAL EQUITY	<u>858,580</u>	<u>892,046</u>
Non-current liabilities		
Loans and borrowings	9,782	11,180
Deferred tax liabilities	545	2,750
Total non-current liabilities	<u>10,327</u>	<u>13,930</u>
Current liabilities		
Loans and borrowings	45,721	24,515
Trade and other payables	42,855	55,296
Contract liabilities	5,177	4,798
Derivative financial liabilities	22	-
Total current liabilities	<u>93,775</u>	<u>84,609</u>
TOTAL LIABILITIES	<u>104,102</u>	<u>98,539</u>
TOTAL EQUITY AND LIABILITIES	<u><u>962,682</u></u>	<u><u>990,585</u></u>
Net assets per share attributable to owners of the company (sen)	148	154

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

Condensed Unaudited Consolidated Statement of Comprehensive Income For the Second Quarter Ended 30 June 2023

	Current Quarter Ended <u>30.06.2023</u> RM'000 (Unaudited)	Corresponding Quarter Ended <u>30.06.2022</u> RM'000 (Unaudited)	Current YTD Ended <u>30.06.2023</u> RM'000 (Unaudited)	Corresponding YTD Ended <u>30.06.2022</u> RM'000 (Unaudited)
Revenue	90,228	199,771	179,790	376,189
Cost of sales	(98,855)	(184,647)	(216,383)	(364,408)
Gross (loss) / profit	(8,627)	15,124	(36,593)	11,781
Other income	9,655	2,266	12,450	2,657
Selling and marketing expenses	(1,054)	(4,301)	(2,465)	(7,403)
Administrative expenses	(1,579)	(7,306)	(7,277)	(9,352)
Operating (loss) / profit	(1,605)	5,783	(33,885)	(2,317)
Finance costs	(609)	(422)	(1,079)	(761)
(Loss) / profit before tax	(2,214)	5,361	(34,964)	(3,078)
Income tax expense	(1,964)	(2,166)	1,642	(3,853)
(Loss) / profit for the period	(4,178)	3,195	(33,322)	(6,931)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss) / profit for the period	(4,178)	3,195	(33,322)	(6,931)
(Loss) / profit attributable to:				
Owners of the Company	(4,178)	3,195	(33,322)	(6,931)
Total comprehensive (loss) / profit attributable to:				
Owners of the Company	(4,178)	3,195	(33,322)	(6,931)
(Loss) / profit per ordinary share attributable to owners of the Company (sen) (Note 27)				
- Basic	(0.72)	0.55	(5.78)	(1.19)
- Diluted	(0.72)	0.55	(5.78)	(1.19)

The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2022.

Condensed Unaudited Consolidated Statement of Changes in Equity For the Second Quarter Ended 30 June 2023

	← Attributable to Owners of the Company →					
	Share Capital RM'000	Treasury Shares RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2023	142,985	(5,368)	11,319	17,922	725,188	892,046
Total comprehensive loss for the financial period						
Loss for the financial period	-	-	-	-	(33,322)	(33,322)
Realisation of revaluation reserve	-	-	-	(338)	338	-
Total comprehensive expense	-	-	-	(338)	(32,984)	(33,322)
Transactions with owners of the Company						
Shares repurchased	-	(144)	-	-	-	(144)
Dividends paid on shares	-	-	-	-	-	-
Total transactions with owners	-	(144)	-	-	-	(144)
At 30 June 2023	142,985	(5,512)	11,319	17,584	692,204	858,580
	Note 25	Note 26				

The Condensed Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

**Condensed Unaudited Consolidated Statement of Cash Flows
For The Period Ended 30 June 2023**

	Current YTD Ended <u>30.06.2023</u> RM'000 (Unaudited)	Corresponding YTD Ended <u>30.06.2022</u> RM'000 (Unaudited)
Cash flows from operating activities		
Loss before taxation	(34,964)	(3,078)
Adjustments for:		
Net fair value (gain)/loss on derivatives	22	473
Property, plant and equipment		
- (Gain)/loss on disposal	(6)	75
- depreciation	22,719	21,253
- written off	-	302
Depreciation of right-of-use asset	201	201
Written back of doubtful debts	(60)	(1,467)
Inventory provision on slow moving	2,546	-
Reversal of inventory written down	(10,326)	-
Interest expense	1,079	761
Interest income	(2,979)	(939)
Unrealised gain on foreign exchange	(10,562)	(2,111)
Operating (loss)/profit before changes in working capital	<u>(32,330)</u>	<u>15,470</u>
Changes in working capital:		
Inventories	39,167	55,833
Receivables	6,529	9,491
Payables	(12,763)	(6,715)
Net cash generated from operations	<u>603</u>	<u>74,079</u>
Income tax paid	(6,359)	(37,015)
Interest received	2,979	939
Net cash flow (used in) / generated from operating activities	<u>(2,777)</u>	<u>38,003</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,605)	(32,784)
Addition to other investments	(1,777)	(25,780)
Proceeds from disposal of property, plant and equipment	6	300
Net cash flows used in investing activities	<u>(7,376)</u>	<u>(58,264)</u>
Cash flows from financing activities		
Repurchase of treasury shares	(144)	(245)
Net changes in bill payables	20,058	(8,928)
Net changes in term loan financing	(1,398)	(1,398)
Interest paid	(1,079)	(761)
Net cash flows generated from / (used in) financing activities	<u>17,437</u>	<u>(11,332)</u>
Net changes in cash and cash equivalents	7,284	(31,593)
Cash and cash equivalents at beginning of the financial year	<u>134,563</u>	<u>334,239</u>
	141,847	302,646
Effect of exchange rate changes on cash and cash equivalents	<u>5,545</u>	<u>-</u>
Cash and cash equivalents at end of the financial period	<u><u>147,392</u></u>	<u><u>302,646</u></u>
Cash and bank balances	147,392	190,870
Other investments	114,450	111,776
	<u><u>261,842</u></u>	<u><u>302,646</u></u>

The Condensed Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2022.

Notes to the unaudited interim financial report

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. These interim financial statements contain selected explanatory notes which provide explanations of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31 December 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023 which are applicable to Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

2. Audit qualifications

The auditors’ reports on the financial statements of the Group for the financial year ended 31 December 2022 is not subject to any qualification.

3. Seasonal or cyclical factors

The Group’s operations were not affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year to date because of their nature, size, or incidence.

5. Changes in estimates

There were no significant changes in financial estimates reported in prior financial years that would have material impact in the current financial period report.

6. Debts and equity securities

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the current quarter and financial period ended 30 June 2023.

7. Contingent assets and contingent liabilities

There were no contingent assets and liabilities since the last financial year.

8. Property, plant and equipment

Property, plant and equipment are stated at valuation or cost less accumulated depreciation and impairment losses.

9. Material events

There were no material events that may materially impact the financial results for the current quarter and financial year to date.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial year to date.

11. Operating segments

The Group's operating segments for the 6 months period ended 30 June 2023:

	Manufacturing and Trading RM'000	Investment Holding RM'000	Inter- Segment RM'000	Total RM'000
Revenue				
Revenue from				
external customers	179,790	-	-	179,790
Inter segment revenue	86,823	1,418	(88,241)	-
Total revenue	<u>266,613</u>	<u>1,418</u>	<u>(88,241)</u>	<u>179,790</u>
Results				
Segment (loss)/profit	(16,138)	2,188	-	(13,950)
Interest income				2,979
Interest expense				(1,079)
Property, plant and equipment				
- depreciation				(22,719)
- gain on disposal				6
Depreciation of right-of-use asset				<u>(201)</u>
Loss before tax				(34,964)
Taxation				<u>1,642</u>
Net loss for the period				<u><u>(33,322)</u></u>

The Group's operating segments for the 6 months period ended 30 June 2022:

	Manufacturing and Trading RM'000	Investment Holding RM'000	Inter- Segment RM'000	Total RM'000
Revenue				
Revenue from				
external customers	376,189	-	-	376,189
Inter segment revenue	136,346	1,655	(138,001)	-
Total revenue	<u>512,535</u>	<u>1,655</u>	<u>(138,001)</u>	<u>376,189</u>
Results				
Segment profit	17,104	1,169	-	18,273
Interest income				939
Interest expense				(761)
Property, plant and equipment				
- depreciation				(21,253)
- loss on disposal				(75)
Depreciation of right-of-use asset				<u>(201)</u>
Loss before tax				(3,078)
Taxation				<u>(3,853)</u>
Net loss for the period				<u><u>(6,931)</u></u>

12. Review of performance

	2nd Quarter Ended		Year to Date Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	(2QYE30JUN23)	(2QYE30JUN22)	(2QYE30JUN23)	(2QYE30JUN22)
	RM'000	RM'000	RM'000	RM'000
Revenue	90,228	199,771	179,790	376,189
Gross (loss) / profit	(8,627)	15,124	(36,593)	11,781
Operating (loss) / profit	(1,605)	5,783	(33,885)	(2,317)
(Loss) / profit before tax	(2,214)	5,361	(34,964)	(3,078)
(Loss) / profit after tax	(4,178)	3,195	(33,322)	(6,931)
(Loss) / profit attributable to Owners of the Company	(4,178)	3,195	(33,322)	(6,931)
Net (loss) / margin	-4.6%	1.6%	-18.5%	-1.8%

The Group recorded revenue of RM90.2 million in the second quarter ended 30 June 2023 as compared to the preceding year corresponding quarter of RM199.8 million, representing a decrease of 55% and with loss after tax of RM4.2 million as compared with profit after tax of RM3.2 million for the corresponding quarter of the preceding financial period ended 30 June 2022.

The lower revenue for the second quarter of FY 2023 compared to the corresponding quarter of FY 2022 was primarily due to decreased in sales order from both local and overseas customers. Increased in loss after tax mainly due to erosion of margin resulted from higher cost including energy, labour cost, natural rubber costs, electricity tariffs and lower average selling price (“ASP”). The loss after tax was further affected by a provision for taxation on the profit of a subsidiary, amounting to RM2.5 million.

13. Variation of quarterly results against preceding quarter

	Quarter Ended		
	30.06.2023 (2QYE30JUN23)	31.03.2023 (1QYE31Mar23)	Changes
	RM'000	RM'000	%
Revenue	90,228	89,562	1%
Gross loss	(8,627)	(27,966)	-69%
Operating loss	(1,605)	(32,280)	-95%
Loss before tax	(2,214)	(32,750)	-93%
Loss after tax	(4,178)	(29,144)	-86%
Loss attributable to owners of the Company	(4,178)	(29,144)	-86%
Net loss margin	-4.6%	-32.5%	

In 2QYE2023, the Group recorded a sales revenue of RM90.2 million. Despite that, there was a loss after tax of RM4.2 million during this period. The loss after tax of RM4.2million was 86% lower than the loss after tax of the preceding quarter of RM29.1 million. This was resulted from increased ASP, the Group implemented measures to control costs effectively, which helped in reducing expenses and limiting losses. During the quarter and gains from strengthening USD against Ringgit Malaysia, the Group net foreign exchange gain for second quarter ended 30 June 2023 was RM8.1 million compared with RM0.8 million in the preceding quarter.

14. Current year prospects

Throughout the second half of calendar year 2023, the global macroeconomic outlook remains challenging and competitive, even though there are potential benefits from China's reopening of borders in late 2022. The rubber glove industry is expected to continue to face issues related to oversupply, a result of aggressive expansion and stockpiling during the pandemic, which caused supply-demand imbalances in FYE 2022.

Nevertheless, the management is committed to adopting prudent procurement strategies and improving production efficiency to extract cost savings and enhance productivity levels.

Despite the current challenging conditions, the Group maintains an optimistic view of the long-term prospects for the rubber glove industry, given the continued essential utilization of gloves in the healthcare, industrial and food sectors.

15. Profit forecast or profit guarantee

The Group did not publish any profit forecast or issue any profit guarantee during the reporting year.

16. Loss before taxation

This was arrived at after crediting/(charging):

	3 months ended 30.06.2023 RM'000	3 months ended 30.06.2022 RM'000	YTD ended 30.06.2023 RM'000	YTD ended 30.06.2022 RM'000
Interest income	1,682	825	2,979	939
Interest expense	(609)	(422)	(1,079)	(761)
Depreciation on property, plant and equipment	(11,221)	(10,925)	(22,719)	(21,253)
Depreciation of right-of-use asset	(101)	(101)	(201)	(201)
Gain on Foreign Exchange:				
- realised	1,318	81	(1,680)	428
- unrealised	6,791	1,864	10,562	2,111
Fair value gain / (loss) on derivatives	(22)	(231)	(22)	(473)
Property, plant and equipment written off	-	(302)	-	(302)
Gain on disposal of plant and equipment	6	-	6	(75)
Inventory provision on slow moving	(1,202)	-	(2,546)	-
Reversal of Inventories written down	6,654	-	10,326	-
Written back of doubtful debts	60	1,467	60	1,467

17. Capital Commitments

As at 30 June 2023, the Group has the below capital commitments:

	YTD Ended 30.06.2023 RM'000
Property, plant and equipment	
- approved and contracted for	3,874
- approved but not contracted for	-
	<u>3,874</u>

The capital commitments were mainly related to ancillary facilities for operation.

18. Taxation

	YTD Ended 30.06.2023 RM'000	YTD Ended 31.12.2022 RM'000
Deferred taxation - current year	2,204	16,722
- over provision in prior year	-	11,421
Taxation - current year	(845)	(2,770)
- over /(under) provision in prior year	283	(7,517)
	<u>1,642</u>	<u>17,856</u>

The effective tax rate of the Group is higher than the statutory tax rate due to the provision of taxation in subsidiaries.

19. Derivative financial Liabilities

	Year Ended 30.06.2023		Year Ended 31.12.2022	
	Contract Amount RM'000	Assets/(Liabilities) RM'000	Contract Amount RM'000	Assets/(Liabilities) RM'000
Non-hedging derivative:				
Forward exchange contracts	<u>2,333</u>	<u>(22)</u>	<u>-</u>	<u>-</u>

The Group use forward exchange contracts to manage some of the foreign currency exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's sales denominated in USD. The forward exchange contracts have maturities of not more than 6 months.

During the financial year, the Group recognised a loss of RM 22 thousand arising from fair value changes of derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

20. Quoted investment

There were no purchases or sales of quoted securities for the current financial period.

21. Status of corporate proposal announced

There was other corporate proposal announced and not completed as of 30 June 2023.

22. Borrowings

The Group have the following borrowings as at 30 June 2023:

	YTD Ended 30.06.2023 RM'000	YTD Ended 31.12.2022 RM'000
Non current:		
Secured		
- Term Loan (RM denominated)	8,794	10,192
- Lease liability	988	988
	<u>9,782</u>	<u>11,180</u>
Current:		
Secured		
- Bill payables (USD denominated)	26,774	-
- Bill payables (RM denominated)	16,136	21,704
- Term Loan (RM denominated)	2,796	2,796
- Lease liability	15	15
	<u>45,721</u>	<u>24,515</u>
	<u>55,503</u>	<u>35,695</u>

23. Material litigation

The Group was not aware of any material litigation that may have significant impact to the Group's profit since the last audited annual financial statements date to the date of issue of the quarterly report.

24. Dividends

The Directors did not recommend any payment of dividend for the current financial year to-date.

25. Share Capital

The Group's share capital as at 30 June 2023 is as follow:

	YTD Ended 30.06.2023	
	No. of shares Unit' 000	RM'000
Issued and fully paid: - At 1 Jan 2023 / 30 Jun 2023	582,949	142,985

26. Treasury Shares

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company.

For the year under review, the Company repurchased 349,900 shares from the open market at an average price of RM0.410 per share. The total consideration paid including transaction costs was RM143,574 which was financed by internally generated funds.

At 30 June 2023, the number of the Company's treasury shares held is 3,949,200 shares, at a carrying amount of RM5,511,616.

There was no cancellation or distribution of treasury shares during the financial year.

27. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period or year, calculated as follows:

	3 months ended	YTD ended
	30.06.2023	30.06.2023
Loss attributable to owners of the Company (RM'000)	(4,178)	(33,322)
Weighted average number of ordinary shares for basic earnings per share ('000)	579,942	579,942
Effect of treasury shares held	(350)	(3,443)
Weighted average number of ordinary shares for diluted earnings per share ('000)(basic)	579,592	576,499
Basic loss per ordinary share (sen)	(0.72)	(5.78)

27. Earnings Per Share (Cont'd)

(b) Diluted earnings per share

Diluted earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share.

Diluted earnings per share calculated as follows:

	3 months ended	YTD ended
	30.06.2023	30.06.2023
Loss attributable to owners of the Company (RM'000)	(4,178)	(33,322)
Weighted average number of ordinary shares for basic earnings per share ('000)	579,592	576,499
Effect of dilution from: - Share options ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>579,592</u>	<u>576,499</u>
Diluted loss per ordinary share (sen)	(0.72)	(5.78)