

**Condensed Unaudited Consolidated Statement of Financial Position  
As At 31 March 2024**

	As at <u>31.03.2024</u> RM'000 (Unaudited)	As at <u>31.12.2023</u> RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	409,524	418,044
Goodwill on consolidation	22	22
Right-of-use assets	14,900	15,294
Other investments	10,000	10,000
Deferred tax assets	9,798	6,898
Investment properties	26,421	26,422
<b>Total non-current assets</b>	<u>470,665</u>	<u>476,680</u>
<b>Current assets</b>		
Inventories	80,855	85,294
Trade and other receivables	44,387	57,510
Prepayments	2,213	2,676
Tax Recoverable	95,450	95,180
Derivative financial assets	15	-
Other investment	106,058	105,547
Cash and cash equivalents	147,129	141,182
<b>Total current assets</b>	<u>476,107</u>	<u>487,389</u>
<b>TOTAL ASSETS</b>	<u>946,772</u>	<u>964,069</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	142,985	142,985
Treasury shares	(5,512)	(5,512)
Reserves	721,604	732,231
<b>TOTAL EQUITY</b>	<u>859,077</u>	<u>869,704</u>
<b>Non-current liabilities</b>		
Loans and borrowings	7,964	9,028
Provision for restoration	2,588	2,588
Deferred tax liabilities	2,479	2,291
<b>Total non-current liabilities</b>	<u>13,032</u>	<u>13,907</u>
<b>Current liabilities</b>		
Loans and borrowings	30,253	33,337
Trade and other payables	41,378	44,411
Contract liabilities	3,033	2,710
<b>Total current liabilities</b>	<u>74,664</u>	<u>80,458</u>
<b>TOTAL LIABILITIES</b>	<u>87,695</u>	<u>94,365</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>946,772</u>	<u>964,069</u>
<b>Net assets per share attributable to owners of the company (sen)</b>	148	150

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 2023.

## Condensed Unaudited Consolidated Statement of Comprehensive Income For the First Quarter Ended 31 March 2024

	Current Quarter Ended <u>31.03.2024</u> RM'000 (Unaudited)	Corresponding Quarter Ended <u>31.03.2023</u> RM'000 (Unaudited)	Current YTD Ended <u>31.03.2024</u> RM'000 (Unaudited)	Corresponding YTD Ended <u>31.03.2023</u> RM'000 (unaudited)
Revenue	67,205	89,562	67,205	89,562
Cost of sales	(74,497)	(117,528)	(74,497)	(117,528)
<b>Gross loss</b>	<b>(7,292)</b>	<b>(27,966)</b>	<b>(7,292)</b>	<b>(27,966)</b>
Other income	5,948	2,795	5,948	2,795
Selling and marketing expenses	(1,330)	(1,411)	(1,330)	(1,411)
Administrative expenses	(10,540)	(5,698)	(10,540)	(5,698)
<b>Operating loss</b>	<b>(13,214)</b>	<b>(32,280)</b>	<b>(13,214)</b>	<b>(32,280)</b>
Finance costs	(126)	(470)	(126)	(470)
<b>Loss before tax</b>	<b>(13,340)</b>	<b>(32,750)</b>	<b>(13,340)</b>	<b>(32,750)</b>
Income tax expense	2,713	3,606	2,713	3,606
<b>Loss for the period</b>	<b>(10,627)</b>	<b>(29,144)</b>	<b>(10,627)</b>	<b>(29,144)</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(10,627)</b>	<b>(29,144)</b>	<b>(10,627)</b>	<b>(29,144)</b>
<b>Loss attributable to:</b>				
Owners of the Company	<b>(10,627)</b>	<b>(29,144)</b>	<b>(10,627)</b>	<b>(29,144)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	<b>(10,627)</b>	<b>(29,144)</b>	<b>(10,627)</b>	<b>(29,144)</b>
<b>Loss per ordinary share attributable to owners of the Company (sen) (Note 27)</b>				
- Basic	<b>(1.83)</b>	<b>(5.03)</b>	<b>(1.83)</b>	<b>(5.03)</b>
- Diluted	<b>(1.83)</b>	<b>(5.03)</b>	<b>(1.83)</b>	<b>(5.03)</b>

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 2023.

## Condensed Unaudited Consolidated Statement of Changes in Equity For the First Quarter Ended 31 March 2024

	← Attributable to Owners of the Company →					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	
	At 1 January 2024	142,985	(5,512)	11,319	31,862	
<b>Total comprehensive loss for the financial period</b>						
Loss for the financial period	-	-	-	-	(10,627)	(10,627)
Realisation of revaluation reserve	-	-	-	(396)	396	-
Total comprehensive expense	-	-	-	(396)	(10,231)	(10,627)
At 31 March 2024	142,985	(5,512)	11,319	31,466	678,819	859,077
	<b>Note 25</b>	<b>Note 26</b>				

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 2023.

**Condensed Unaudited Consolidated Statement of Cash Flows  
For The Period Ended 31 March 2024**

	<b>Current YTD Ended 31.03.2024 RM'000 (Unaudited)</b>	<b>Corresponding YTD Ended 31.03.2023 RM'000 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(13,340)	(32,750)
Adjustments for:		
Net fair value gain on derivatives	(15)	-
Property, plant and equipment		
- (Gain)/loss on disposal	8	-
- depreciation	10,741	11,498
Depreciation of right-of-use asset	394	100
Inventory provision on slow moving	2,240	1,344
Provision / (Reversal) of inventory written down	537	(3,672)
Fair value loss on investment	(138)	-
Interest expense	126	470
Interest income	(1,784)	(1,297)
Unrealised gain on foreign exchange	(3,362)	(3,771)
<b>Operating loss before changes in working capital</b>	<b>(4,593)</b>	<b>(28,078)</b>
Changes in working capital:		
Inventories	1,662	25,990
Receivables	15,221	18,998
Payables	(2,794)	(4,574)
<b>Net cash generated from operations</b>	<b>9,496</b>	<b>12,336</b>
Income tax paid	(271)	(2,681)
Interest received	1,784	1,297
<b>Net cash flow generated from operating activities</b>	<b>11,009</b>	<b>10,952</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,223)	(2,708)
Interest income from other investments	372	-
Addition to other investments	(745)	(1,187)
<b>Net cash flows used in investing activities</b>	<b>(2,596)</b>	<b>(3,895)</b>
<b>Cash flows from financing activities</b>		
Repurchase of treasury shares	-	(144)
Net changes in bill payables	(3,644)	16,584
Net changes in term loan financing	(699)	(699)
Net changes in lease liabilities	(364)	-
Interest paid	(126)	(470)
<b>Net cash flows (used in) /generated from financing activities</b>	<b>(4,833)</b>	<b>15,271</b>
<b>Net changes in cash and cash equivalents</b>	<b>3,580</b>	<b>22,328</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>141,182</b>	<b>134,563</b>
	<b>144,762</b>	<b>156,891</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,367</b>	<b>622</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>147,129</b>	<b>157,513</b>

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 2023.

## 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 2023. 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 2023 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2024 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 2023 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 period 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 year 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 31 March 2024.

**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 period to date.

**10. Changes in composition of the Group**

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

## 11. Operating segments

The Group's operating segments for the 3 months year ended 31 March 2024:

	Manufacturing and Trading RM'000	Investment Holding RM'000	Inter- Segment RM'000	Total RM'000
<b>Revenue</b>				
Revenue from				
external customers	67,205	-	-	67,205
Inter segment revenue	398	653	(1,051)	-
Total revenue	<u>67,603</u>	<u>653</u>	<u>(1,051)</u>	<u>67,205</u>
<b>Results</b>				
Segment (loss)/profit	(4,704)	849	-	(3,855)
Interest income				1,784
Interest expense				(126)
Property, plant and equipment				
- depreciation				(10,741)
- gain on disposal				(8)
Depreciation of right-of-use asset				<u>(394)</u>
Loss before tax				(13,340)
Taxation				<u>2,713</u>
Net loss for the period				<u><u>(10,627)</u></u>

The Group's operating segments for the 3 months year ended 31 March 2023:

	Manufacturing and Trading RM'000	Investment Holding RM'000	Inter- Segment RM'000	Total RM'000
<b>Revenue</b>				
Revenue from				
external customers	89,562	-	-	89,562
Inter segment revenue	44,549	781	(45,330)	-
Total revenue	<u>134,111</u>	<u>781</u>	<u>(45,330)</u>	<u>89,562</u>
<b>Results</b>				
Segment (loss)/profit	(23,324)	1,345	-	(21,979)
Interest income				1,297
Interest expense				(470)
Property, plant and equipment				
- depreciation				(11,498)
Depreciation of right-of-use asset				<u>(100)</u>
Loss before tax				(32,750)
Taxation				<u>3,606</u>
Net loss for the period				<u><u>(29,144)</u></u>

**12. Review of performance**

	1st Quarter Ended		Year to Date Ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	(1QYE31Mar24)	(1QYE31Mar23)	(3MFYE31Mar24)	(3MFYE31Mar23)
	RM'000	RM'000	RM'000	RM'000
Revenue	67,205	89,562	67,205	89,562
Gross loss	(7,292)	(27,966)	(7,292)	(27,966)
Operating loss	(13,214)	(32,280)	(13,214)	(32,280)
Loss before tax	(13,340)	(32,750)	(13,340)	(32,750)
Loss after tax	(10,627)	(29,144)	(10,627)	(29,144)
Loss attributable to Owners of the Company	(10,627)	(29,144)	(10,627)	(29,144)
Net profit loss margin	-15.8%	-32.5%	-15.8%	-32.5%

The Group's revenue for the first quarter ended March 31 2024, was RM67.2 million, reflecting a 25% decrease compared to RM89.6 million in the corresponding quarter of 2023. This decline was primarily due to a reduction in the number of sales orders received from both domestic and international customers.

In the first quarter of 2024, the company reported a gross loss of RM7.3 million, a notable improvement from the gross loss of RM28.0 million in the corresponding quarter of 2023. This improvement was primarily due to decreased costs resulting from effective cost control measures and an improved average selling price. Additionally, the Group's initiatives to enhance operational efficiency have been crucial in maintaining market competitiveness.

The loss after tax for the quarter ended March 31 2024, was RM10.6 million. This figure includes provisions for slow-moving inventory and write-downs to net realizable value amounting to RM2.8 million, a deferred tax credit of RM2.7 million and an unrealized foreign exchange gain of RM3.4 million.



**13. Variation of quarterly results against preceding quarter**

	Quarter Ended		
	31.03.2024 (1QYE31Mar24) RM'000	31.12.2023 (4QYE31DEC23) RM'000	Changes %
Revenue	67,205	73,643	-9%
Gross (loss) / profit	(7,292)	6,446	213%
Operating loss	(13,214)	(8,473)	-56%
Loss before tax	(13,340)	(8,984)	-48%
(Loss) / Profit after tax	(10,627)	4,422	-340%
(Loss) / Profit attributable to owners of the Company	(10,627)	4,422	-340%
Net (loss) / profit margin	-15.8%	6.0%	

In the fourth quarter of the year ending December 31, 2023 (4QYE31DEC2023), the Group reported sales revenue of RM73.6 million. For the current quarter under review (1QYE31MAR24), revenue was RM67.2 million, representing an 8.7% reduction. The decrease in revenue compared to the previous quarter was primarily driven by lower sales orders from both domestic and international customers.

The Group made a gross loss of RM7.3 million for the quarter compared to a gross profit of RM6.4 million in the previous quarter. This reduction was due to a increase in raw materials costs.

The loss after tax for the current quarter under review 1QYE31MAR24 was RM10.6 million. In the fourth quarter of the year ended December 31 2023 (4QYE31DEC23), the profit after tax for the Group was RM4.4 million. The difference was mainly due to the Group made a credit of deferred tax of RM13.9 million in fourth quarter of the year ended December 31 2023 and RM 2.7 million in the current quarter ending March 31 2024 respectively. Current quarter includes provisions for slow-moving inventory and write-downs to net realizable value amounting to RM2.8 million whereas last quarter provisions was RM2.2 million.

**14. Current year prospects**

With our extensive experience as a glove industry, we are confident on our ability to offer support and services to the industry as they regain their momentum in their respective markets.

The Board expects the glove industry to remain stable where market trends like stabilizing average selling prices and reducing indications of excess dumping is crucial for maintaining stability and growth.

Strengthening relationships with existing customers and expanding customer base demonstrates a proactive approach to adapting to the evolving business environment. This strategy should help the Group thrive in the dynamic glove industry.

**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 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000	YTD ended 31.03.2024 RM'000	YTD ended 31.03.2023 RM'000
Interest income	1,784	1,297	1,784	1,297
Interest expense	(126)	(470)	(126)	(470)
Depreciation on property, plant and equipment	(10,741)	(11,498)	(10,741)	(11,498)
Depreciation of right-of-use asset	(394)	(100)	(394)	(100)
(Loss) / Gain on Foreign Exchange:		-		-
- realised	494	(2,998)	494	(2,998)
- unrealised	3,362	3,771	3,362	3,771
Fair value gain on derivatives	15	-	15	-
Gain/(loss) on disposal of plant and equipment	(8)	-	(8)	-
Inventory provision on slow moving	(2,240)	(1,344)	(2,240)	(1,344)
(Provision) / reversal of Inventories written down	(537)	3,672	(537)	3,672

**17. Capital Commitments**

As at 31 March 2024, the Group has the below capital commitments:

	YTD Ended 31.03.2024 RM'000	YTD Ended 31.3.2023 RM'000
Property, plant and equipment		
- approved and contracted for	4,300	4,873
- approved but not contracted for	-	-
	<u>4,300</u>	<u>4,873</u>

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

**18. Taxation**

	1st Quarter Ended		YTD Ended	
	31.3.2024 RM'000	31.3.2023 RM'000	31.03.2024 RM'000	31.3.2023 RM'000
Deferred taxation - current year	2,713	4,051	2,713	4,051
- over provision in prior year	-	-	-	-
Taxation - current year	-	(445)	-	(445)
- over /(under) provision in prior year	-	-	-	-
	<u>2,713</u>	<u>3,606</u>	<u>2,713</u>	<u>3,606</u>

**19. Derivative financial Liabilities**

	Quarter Ended 31.03.2024		Year Ended 31.03.2024	
	Contract Amount RM'000	Assets/(Liabilities) RM'000	Contract Amount RM'000	Assets/(Liabilities) RM'000
<b>Non-hedging derivative:</b>				
Forward exchange contracts	4,956	15	4,956	15

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 year 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.

**20. Quoted investment**

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

**21. Status of corporate proposal announced**

There was no other corporate proposal announced and not completed as of 31 March 2024.

**22. Borrowings**

The Group have the following borrowings as at 31 March 2024:

	<b>YTD Ended 31.03.2024 RM'000</b>	<b>YTD Ended 31.12.2023 RM'000</b>
<b>Non current:</b>		
<b>Secured</b>		
- Term Loan (RM denominated)	6,697	7,396
- Lease liability	1,267	1,632
	<u>7,964</u>	<u>9,028</u>
<b>Current:</b>		
<b>Secured</b>		
- Bill payables (USD denominated)	16,704	18,547
- Bill payables (RM denominated)	10,708	11,950
- Term Loan (RM denominated)	2,796	2,796
- Lease liability	45	44
	<u>30,253</u>	<u>33,337</u>
	<u>38,217</u>	<u>42,365</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 except for the legal proceedings in relation to the Notices of Tax Assessment raised on Comfort Rubber Gloves Industries Sdn Bhd ("CRGI") and Gallant Quality Sdn Bhd ("GQ"), wholly owned subsidiaries of Comfort Gloves Berhad ("CGB" or "The Company"), by the Director General Of Inland Revenue ("DGRI") as announced.

**24. Dividends**

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

**25. Share Capital**

The Group's share capital as at 31 March 2024 is as follow:

	<b>YTD Ended 31.03.2024</b>	
	<b>No. of shares Unit' 000</b>	<b>RM'000</b>
Issued and fully paid: - At 1 Jan 2024 / 31 Mar 2024	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 period under review, the Company do not repurchased any shares from the open market.

At 31 March 2024, 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 period.

**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
	31.03.2024	31.3.2024
(Loss) attributable to owners of the Company (RM'000)	(10,627)	(10,627)
Weighted average number of ordinary shares for basic earnings per share ('000)	579,592	579,942
Effect of treasury shares held	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)(basic)	579,592	579,592
Basic (loss) per ordinary share (sen)	(1.83)	(1.83)

**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:

	<b>3 months ended</b>	<b>YTD ended</b>
	<b>31.03.2024</b>	<b>31.3.2024</b>
Profit/ (Loss) attributable to owners of the Company (RM'000)	(10,627)	(10,627)
Weighted average number of ordinary shares for basic earnings per share ('000)	579,592	579,592
Effect of dilution from: - Share options ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	579,592	579,592
Diluted profit / (loss) per ordinary share (sen)	(1.83)	(1.83)