

# **XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No.: 201301002265 (1032102-P)

## **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**

### **Contents**

	Page
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	1
Unaudited Condensed Consolidated Statement of Financial Position.....	2
Unaudited Condensed Consolidated Statement of Changes in Equity.....	3
Unaudited Condensed Consolidated Statement of Cash Flows.....	4
Notes to the Condensed Financial Statements .....	5

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 JUNE 2023**

		First Quarter Ended		Cumulative Quarter Ended	
		30.6.2023	30.6.2022	30.6.2023	30.6.2022
		RM'000	RM'000	RM'000	RM'000
	Note	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	A9	37,027	29,274	37,027	29,274
COST OF SALES		(30,725)	(23,707)	(30,725)	(23,707)
GROSS PROFIT		6,302	5,567	6,302	5,567
OTHER INCOME		217	115	217	115
		6,519	5,682	6,519	5,682
ADMINISTRATIVE EXPENSES		(7,939)	(6,592)	(7,939)	(6,592)
SELLING AND DISTRIBUTION EXPENSES		(325)	(266)	(325)	(266)
FINANCE COSTS		(1,728)	(1,353)	(1,728)	(1,353)
LOSS BEFORE TAX	B5	(3,473)	(2,529)	(3,473)	(2,529)
INCOME TAX EXPENSE	B6	(439)	(154)	(439)	(154)
LOSS AFTER TAX		(3,912)	(2,683)	(3,912)	(2,683)
OTHER COMPREHENSIVE INCOME		181	31	181	31
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		(3,731)	(2,652)	(3,731)	(2,652)
(LOSS)/ PROFIT AFTER TAX ATTRIBUTABLE TO:-					
- Owners of the Company		(3,923)	(2,653)	(3,923)	(2,653)
- Non-controlling interests		11	(30)	11	(30)
		(3,912)	(2,683)	(3,912)	(2,683)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		(3,742)	(2,622)	(3,742)	(2,622)
- Non-controlling interests		11	(30)	11	(30)
		(3,731)	(2,652)	(3,731)	(2,652)
Loss per share (sen) attributable to owners of the Company:-	B11				
- Basic		(1.53)	(1.08)	(1.53)	(1.08)
- Diluted		(1.53)	(1.08)	(1.53)	(1.08)

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to these interim financial statements.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 JUNE 2023**

	Note	As at 30.6.2023 RM'000 Unaudited	As at 31.3.2023 RM'000 Audited
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment		241,928	243,453
Right-of-use assets		67,290	68,837
Goodwill		4,878	4,879
Prepayments		-	-
		314,096	317,169
CURRENT ASSETS			
Inventories		3,576	8,493
Trade receivables		28,485	28,669
Other receivables, deposits and prepayments		6,517	6,811
Current tax assets		2,649	2,926
Fixed deposits with licensed banks		8,225	7,192
Cash and bank balances		7,087	10,083
		56,539	64,174
TOTAL ASSETS		370,635	381,343
<b>EQUITY AND LIABILITIES</b>			
EQUITY			
Share capital		120,905	120,905
Reserves		63,771	67,514
Equity attributable to owners of the Company		184,676	188,419
Non-controlling interests		5,859	5,848
TOTAL EQUITY		190,535	194,267
NON-CURRENT LIABILITIES			
Lease liabilities		37,310	39,948
Hire purchase payables	B8	3,333	3,033
Term loans	B8	70,480	75,925
Deferred tax liabilities		6,146	6,149
		117,269	125,055
CURRENT LIABILITIES			
Trade payables		10,912	12,000
Other payables and accruals		9,964	13,130
Lease liabilities		6,588	5,242
Hire purchase payables	B8	954	567
Term loans	B8	15,984	12,390
Bankers' acceptances	B8	2,660	2,660
Bank overdrafts	B8	15,737	15,788
Current tax liabilities		32	244
		62,831	62,021
TOTAL LIABILITIES		180,100	187,076
TOTAL EQUITY AND LIABILITIES		370,635	381,343
Net assets per share attributable to ordinary equity holders of the parent (RM) (1)		0.72	0.74

*The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to these interim financial statements.*

(1) - Based on the issued share capital of 255,657,879 ordinary shares.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 JUNE 2023**

	----- Attributable to owners of the Company -----							Non-controlling Interests RM'000	Total Equity RM'000
	----- Non-Distributable -----			----- Distributable -----					
	Share Capital RM'000	Merger Deficit RM'000	Revaluation Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Total RM'000			
<b>As at 1 April 2023</b>	<b>120,905</b>	<b>(68,979)</b>	<b>37,330</b>	<b>52</b>	<b>99,110</b>	<b>188,418</b>	<b>5,848</b>	<b>194,266</b>	
Loss after tax for the financial period	-	-	-	-	(3,923)	(3,923)	11	(3,912)	
Other comprehensive expenses for the financial period:- - Foreign currency translation differences	-	-	-	181	-	181	-	181	
Total comprehensive loss for the financial period	-	-	-	181	(3,923)	(3,742)	11	(3,731)	
<b>As at 30 June 2023</b>	<b>120,905</b>	<b>(68,979)</b>	<b>37,330</b>	<b>233</b>	<b>95,187</b>	<b>184,676</b>	<b>5,859</b>	<b>190,535</b>	
<b>As at 1 April 2022</b>	<b>117,905</b>	<b>(68,979)</b>	<b>37,330</b>	<b>(2)</b>	<b>115,160</b>	<b>201,414</b>	<b>1,554</b>	<b>202,968</b>	
Loss after tax for the financial period	-	-	-	-	(2,653)	(2,653)	(30)	(2,683)	
Other comprehensive expenses for the financial period:- - Foreign currency translation differences	-	-	-	31	-	31	-	31	
Total comprehensive loss for the financial period	-	-	-	31	(2,653)	(2,622)	(30)	(2,652)	
<b>As at 30 June 2022</b>	<b>117,905</b>	<b>(68,979)</b>	<b>37,330</b>	<b>29</b>	<b>112,507</b>	<b>198,792</b>	<b>1,524</b>	<b>200,316</b>	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to these interim financial statements.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 JUNE 2023**

Note	As at 30.6.2023 RM'000 Unaudited	As at 30.6.2022 RM'000 Unaudited
<b>CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES</b>		
Loss before tax	(3,473)	(2,529)
Adjustments for:-		
Depreciation expenses	4,274	4,130
Interest expenses	1,701	1,298
Interest income	(62)	(76)
Operating profit before working capital changes	2,440	2,823
Decrease/ (Increase) in inventories	4,917	(1,781)
Increase in trade and other receivables	(45)	(4,859)
(Decrease)/ Increase in trade and other payables	(3,145)	3,186
<b>CASH FROM/ (FOR) OPERATIONS</b>	4,167	(631)
Income tax paid	(374)	(387)
<b>NET CASH FROM/ (FOR) OPERATING ACTIVITIES</b>	3,793	(1,018)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Acquisition of subsidiary company	-	(2,500)
Interest income received	62	76
Placement of fixed deposits	(1,033)	(3)
Purchase of property, plant and equipment	(1,154)	(9,880)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(2,125)	(12,307)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Draw down of bankers' acceptances	3,459	-
Draw down of hire purchase payables	242	629
Draw down of term loans	1,148	4,617
Interest paid	(1,701)	(1,298)
Net repayment of bankers' acceptance	(3,459)	(503)
Net repayment of hire purchase payables	(142)	(142)
Net repayment of lease liabilities	(1,294)	(1,172)
Net repayment of term loans	(2,998)	(3,786)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	(4,745)	(1,655)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,077)	(14,980)
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	132	31
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	(933)	29,235
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	(3,878)	14,286
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:-</b>		
- Deposit with financial institutions	4,772	9
- Cash and bank balances	7,087	18,000
- Bank overdraft	(15,737)	(3,723)
	(3,878)	14,286

*The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to these interim financial statements.*

## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2023

#### Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

---

##### A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the audited financial statements.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2023.

##### A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted as disclosed in the financial statements for the year ended 31 March 2023 except for the following: -

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023

The above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

##### A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2023.

##### A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors.

##### A5. Item of Unusual Nature

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

**Interim Financial Report for the Financial Period Ended 30 JUNE 2023****Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

**A7. Changes in Debt and Equity Securities**

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

**A8. Dividend Paid**

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

**A9. Segmental Information**

The Group has two reportable segments as shown below, which are the Group's strategic business units in three principal geographical areas. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

**Business activities**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<u>Revenue</u>				
Land transport, warehousing and other services	32,769	29,274	32,769	29,274
Manufacturing	4,258	-	4,258	-
<b>Total</b>	<b>37,027</b>	<b>29,274</b>	<b>37,027</b>	<b>29,274</b>
<u>Loss before tax</u>				
Land transport, warehousing and other services	(4,059)	(2,529)	(4,059)	(2,529)
Manufacturing	586	-	586	-
<b>Total</b>	<b>(3,473)</b>	<b>(2,529)</b>	<b>(3,473)</b>	<b>(2,529)</b>

**Geographical area**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<u>Revenue</u>				
Malaysia	31,604	27,003	31,604	27,003
Singapore	4,884	2,008	4,884	2,008
Indonesia	539	263	539	263
<b>Total</b>	<b>37,027</b>	<b>29,274</b>	<b>37,027</b>	<b>29,274</b>

## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2023

#### Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

---

##### A10. Valuation of Property, Plant and Equipment

As at 30 June 2023, all property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation. Land and buildings are stated at valuation, which are the fair values at the date of revaluation.

##### A11. Material Events Subsequent to the End of Interim Period

On 10 July 2023, the Company announced that Micron Metal Engineering Sdn Bhd, a 79% owned subsidiary of the Company, entered into Sale and Purchase Agreements with a third party to acquire two units of one and a half storey detached factory at RM7,000,000 per unit, for a total cash consideration of RM14,000,000.

Save for the above, there were no material events that have occurred subsequent to the end of the current financial quarter from 1 July 2023 to the date of this report.

##### A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

##### A13. Contingent Liabilities or Contingent Assets

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement: -

	<b>RM'000</b>
Secured:	
- Corporate guarantee given to licensed bank for credit facilities granted to subsidiary	104,861

##### A14. Capital Commitments

Capital commitments for property, plant and equipment not provided for as at 30 June 2023 are as follows: -

	<b>RM'000</b>
Approved and contracted for:	
- Property, plant and equipment	6,736

##### A15. Related party transactions

There was no material related party transactions during the current financial quarter under review.



## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2023

#### Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

##### B1. Review of Performance of the Group

For the current financial quarter ended 30 June 2023, the Group recorded revenue of RM37.03 million, an increase of 26.5% or RM7.75 million as compared to the corresponding preceding financial period. This was predominantly owing to the contribution from our manufacturing segment as well as our manufacturing and fabrication of trailers division.

The Group's revenue was principally derived from land transport, warehousing and other services segment, which contributing approximately 88.5% of the Group's total revenue. Further zooming into the division, of the RM37.03 million, land transport and warehousing contributed RM20.07 million (54.2%) and RM5.96 million (16.1%) respectively followed by others at RM6.74 million (18.2%) in current financial quarter.

On the other hand, the manufacturing segment accounted for the remaining 11.5% or RM4.26 million of the Group's total revenue, achieved a profit before tax ("PBT") of RM0.59 million for current quarter ended 30 June 2023.

The Group reported a loss before tax ("LBT") of RM3.47 million for the current financial quarter as compared to a LBT of RM2.53 million for the corresponding preceding financial year. The increase in LBT as compared to the corresponding preceding financial period was primarily due to the higher financing costs, operating expenses and salaries expenses in current financial quarter.

##### B2. Variation of Quarterly Results Compared to the Results of the Preceding Quarter

	3 Months Ended		Deviation	
	30.06.2023	31.03.2023	Amount	
	RM'000	RM'000	RM'000	%
Revenue	37,027	31,635	5,392	17.04
Loss Before Tax	(3,473)	(8,649)	5,176	59.85

The Group's total revenue increase by 17.04% from RM31.64 million recorded for the immediate preceding financial quarter to RM37.03 million for the current financial quarter. The increase in revenue as compared to immediate preceding quarter was mainly contributed by the manufacturing and fabrication of trailers division.

The Group reported a LBT of RM3.47 million for the current quarter as compared to a LBT of RM8.65 million for the immediate preceding quarter. The decrease in LBT as compared to the immediate preceding quarter was mostly due to the increase in revenue and provision of impairment on property, plant and equipment, deposits and prepayments, and impairment on trade receivables approximately RM5.52 million in preceding quarter period ended 31 March 2023.

## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2023

#### Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

#### B3. Prospects of the Group

The Malaysian economy grew moderately in the second quarter of 2023 by 2.9% (1Q 2023: 5.6%), mainly due to the slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment.

The growth of Malaysia's logistics industry is closely tied to the growth of economic activities within Malaysia. The Group anticipates that the business environment in which it operates will continue to present challenges.

To navigate the challenging economic conditions, the Group has taken measures to actively engage with businesses ensure cost-savings and reductions to combat the challenging economic environment whilst continuously monitor the changes in business environment and supply chains.

The Group is dedicated to expanding its operations in line with the current economic environment through the following business expansion plans:

- Expansion of the Group's fleet of vehicles;
- Expansion into the Indonesian market;
- Enhance the warehousing facilities of the Group;
- Expansion of the external haulage division in Penang and Kuantan, and
- Expansion of the manufacturing capacity

#### B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

#### B5. Loss before tax

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation expenses	4,274	4,130	4,274	4,130
Foreign Exchange Gain	(22)	(18)	(22)	(18)
Interest expense	1,701	1,298	1,701	1,298
Interest income	(62)	(76)	(62)	(76)

Save for the above, the other items as required under Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

#### B6. Income Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
<u>Income tax expense</u>				
Current tax expense	439	154	439	154
Deferred tax expense	-	-	-	-
Total	439	154	439	154

The Group's effective tax rates for current quarter and cumulative quarter ended were lower than the Malaysian statutory tax rate of 24% mainly due to the qualifying capital expenditure and the losses incurred by some of the subsidiary companies.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

**Interim Financial Report for the Financial Period Ended 30 JUNE 2023****Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B7. Status of Corporate Proposals**

There was no other corporate proposal announced and not completed as at the date of this report.

**B8. Group Borrowings**

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

	<b>As at 30.6.2023 RM'000 Unaudited</b>	<b>As at 31.3.2023 RM'000 Audited</b>
<u>Long-term borrowings (Secured)</u>		
Hire purchase payables	3,333	3,033
Term loans	70,480	75,925
	<u>73,813</u>	<u>78,958</u>
<u>Short-term borrowings (Secured)</u>		
Hire purchase payables	954	567
Term loans	15,984	12,390
Banker acceptance	2,660	2,660
Bank overdrafts	15,737	15,788
	<u>35,335</u>	<u>31,405</u>
Total borrowings	<u>109,148</u>	<u>110,363</u>

**B9. Material Litigation**

The Group does not have any material litigation and the Directors are not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

**B10. Dividends**

No dividend was declared or paid for the financial quarter under review.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

**Interim Financial Report for the Financial Period Ended 30 JUNE 2023****Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B11. Loss Per Share**

Basic and Diluted Loss Per Share

The basic and diluted loss per share for the current quarter and financial period to date are computed as follows: -

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Loss after tax attributable to owners of the Company	(3,923)	(2,653)	(3,923)	(2,653)
Weighted average number of ordinary shares in issue ('000) (basic)	255,658	245,150	255,658	245,150
Effects of conversion of warrants	-	-	-	-
Weighted average number of ordinary shares in issue ('000) (diluted)	255,658	245,150	255,658	245,150
Basic loss per share (sen)	(1.53)	(1.08)	(1.53)	(1.08)
Diluted loss per share (sen)	(1.53)	(1.08)	(1.53)	(1.08)