

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201301002265 (1032102-P)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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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 SEPTEMBER 2023

	Note	Second Quarter Ended		Cumulative Quarter Ended	
		30.9.2023 RM'000 Unaudited	30.9.2022 RM'000 Unaudited	30.9.2023 RM'000 Unaudited	30.9.2022 RM'000 Unaudited
REVENUE	A9	31,743	28,815	68,770	58,089
COST OF SALES		(26,218)	(22,680)	(56,943)	(46,387)
GROSS PROFIT		5,525	6,135	11,827	11,702
OTHER INCOME		570	264	788	380
		6,095	6,399	12,615	12,082
ADMINISTRATIVE EXPENSES		(7,342)	(7,020)	(15,281)	(13,611)
SELLING AND DISTRIBUTION EXPENSES		(363)	(373)	(689)	(639)
FINANCE COSTS		(1,712)	(1,438)	(3,440)	(2,793)
LOSS BEFORE TAX	B5	(3,322)	(2,432)	(6,795)	(4,961)
INCOME TAX EXPENSE	B6	(347)	(211)	(786)	(365)
LOSS AFTER TAX		(3,669)	(2,643)	(7,581)	(5,326)
OTHER COMPREHENSIVE INCOME		(103)	114	78	114
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		(3,772)	(2,529)	(7,503)	(5,212)
(LOSS)/ PROFIT AFTER TAX ATTRIBUTABLE TO:-					
- Owners of the Company		(3,351)	(2,859)	(7,274)	(5,512)
- Non-controlling interests		(318)	216	(307)	186
		(3,669)	(2,643)	(7,581)	(5,326)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		(3,454)	(2,745)	(7,196)	(5,398)
- Non-controlling interests		(318)	216	(307)	186
		(3,772)	(2,529)	(7,503)	(5,212)
Loss per share (sen) attributable to owners of the Company:-	B11				
- Basic		(1.31)	(1.16)	(2.85)	(2.24)
- Diluted		(1.31)	(1.16)	(2.85)	(2.24)

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 SEPTEMBER 2023

	Note	As at 30.9.2023 RM'000 Unaudited	As at 31.3.2023 RM'000 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		244,679	243,453
Right-of-use assets		65,739	68,837
Goodwill		4,879	4,879
Prepayments		-	-
		315,297	317,169
CURRENT ASSETS			
Inventories		3,637	8,493
Trade receivables		26,485	28,669
Other receivables, deposits and prepayments		6,393	6,811
Current tax assets		2,548	2,926
Fixed deposits with licensed banks		5,741	7,192
Cash and bank balances		4,753	10,083
		49,557	64,174
TOTAL ASSETS		364,854	381,343
EQUITY AND LIABILITIES			
EQUITY			
Share capital		120,905	120,905
Reserves		60,317	67,514
Equity attributable to owners of the Company		181,222	188,419
Non-controlling interests		5,541	5,848
TOTAL EQUITY		186,763	194,267
NON-CURRENT LIABILITIES			
Lease liabilities		35,983	39,948
Hire purchase payables	B8	3,157	3,033
Term loans	B8	67,603	75,925
Deferred tax liabilities		6,147	6,149
		112,890	125,055
CURRENT LIABILITIES			
Trade payables		11,246	12,000
Other payables and accruals		9,833	13,130
Lease liabilities		6,571	5,242
Hire purchase payables	B8	954	567
Term loans	B8	15,841	12,390
Bankers' acceptances	B8	5,004	2,660
Bank overdrafts	B8	15,752	15,788
Current tax liabilities		-	244
		65,201	62,021
TOTAL LIABILITIES		178,091	187,076
TOTAL EQUITY AND LIABILITIES		364,854	381,343
Net assets per share attributable to ordinary equity holders of the parent (RM) (1)		0.71	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 SEPTEMBER 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			
As at 1 April 2023	120,905	(68,979)	37,330	52	99,110	188,418	5,848	194,266	
Loss after tax for the financial period	-	-	-	-	(7,274)	(7,274)	(307)	(7,581)	
Other comprehensive income for the financial period:- - Foreign currency translation differences	-	-	-	78	-	78	-	78	
Total comprehensive loss for the financial period	-	-	-	78	(7,274)	(7,196)	(307)	(7,503)	
As at 30 September 2023	120,905	(68,979)	37,330	130	91,836	181,222	5,541	186,763	
As at 1 April 2022	117,905	(68,979)	37,330	(2)	115,160	201,414	1,554	202,968	
Loss after tax for the financial period	-	-	-	-	(5,512)	(5,512)	186	(5,326)	
Other comprehensive income for the financial period:- - Foreign currency translation differences	-	-	-	114	-	114	-	114	
Total comprehensive loss for the financial period	-	-	-	114	(5,512)	(5,398)	186	(5,212)	
Issuance of ordinary shares	3,000	-	-	-	-	3,000	-	3,000	
Acquisition of a subsidiary	-	-	-	-	-	-	4,077	4,077	
As at 30 September 2022	120,905	(68,979)	37,330	112	109,648	199,016	5,817	204,833	

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 SEPTEMBER 2023

	Note	As at 30.9.2023 RM'000 Unaudited	As at 30.9.2022 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(6,795)	(4,961)
Adjustments for:-			
Depreciation expenses		8,864	8,103
Interest expenses		3,387	2,716
Interest income		(100)	(206)
Gain on disposal of property, plant and equipment		(54)	-
Gain on lease termination		-	(20)
		<hr/>	<hr/>
Operating profit before working capital changes		5,302	5,632
Decrease/ (Increase) in inventories		4,855	(5,598)
Decrease in trade and other receivables		2,078	1,687
(Decrease)/ Increase in trade and other payables		(2,941)	3,634
		<hr/>	<hr/>
CASH FROM OPERATIONS		9,294	5,355
Income tax paid		(652)	(688)
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		8,642	4,667
		<hr/>	<hr/>
CASH FLOWS FOR INVESTING ACTIVITIES			
Acquisition of subsidiary company		-	(13,072)
Interest income received		100	206
Withdrawal of fixed deposits		1,451	4,986
Proceeds from disposal of property, plant and equipment		157	-
Purchase of property, plant and equipment		(7,066)	(15,683)
		<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES		(5,358)	(23,563)
		<hr/>	<hr/>
CASH FLOWS FOR FINANCING ACTIVITIES			
Draw down of bankers' acceptances		9,371	12,197
Draw down of hire purchase payables		242	1,151
Draw down of term loans		1,148	5,636
Interest paid		(3,387)	(2,716)
Net repayment of bankers' acceptance		(7,027)	(12,197)
Net repayment of hire purchase payables		(318)	(138)
Net repayment of lease liabilities		(2,639)	(2,256)
Net repayment of term loans		(6,018)	(6,914)
Proceeds from the issuance of ordinary shares	A7	-	-
		<hr/>	<hr/>
NET CASH FOR FINANCING ACTIVITIES		(8,628)	(5,237)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,344)	(24,133)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		50	96
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		(933)	29,235
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		(6,227)	5,198
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:-			
- Deposit with financial institutions		4,772	9
- Cash and bank balances		4,753	12,792
- Bank overdraft		(15,752)	(7,603)
		<hr/>	<hr/>
		(6,227)	5,198
		<hr/>	<hr/>

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 SEPTEMBER 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: -

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 SEPTEMBER 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	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
<u>Revenue</u>				
Land transport, warehousing and other services	26,800	25,838	59,569	55,112
Manufacturing	4,943	2,977	9,201	2,977
Total	<u>31,743</u>	<u>28,815</u>	<u>68,770</u>	<u>58,089</u>
<u>(Loss)/ Profit before tax</u>				
Land transport, warehousing and other services	(3,914)	(2,890)	(7,973)	(5,418)
Manufacturing	593	457	1,178	457
Total	<u>(3,321)</u>	<u>(2,433)</u>	<u>(6,795)</u>	<u>(4,961)</u>

Geographical area

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
<u>Revenue</u>				
Malaysia	25,833	26,679	57,437	53,683
Singapore	5,156	1,796	10,041	3,804
Indonesia	754	340	1,292	602
Total	<u>31,743</u>	<u>28,815</u>	<u>68,770</u>	<u>58,089</u>

XIN HWA HOLDINGS BERHAD

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Interim Financial Report for the Financial Period Ended 30 SEPTEMBER 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 September 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

There were no material events that have occurred subsequent to the end of the current financial quarter from 1 October 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.

Subsequent to the end of the current quarter, the Company had on 19 October 2023, incorporated a new subsidiary, Xin Hwa Supply Chain Sdn Bhd, with an 80% shareholding. Its intended principle activities are to provide transportation services as well as warehousing and distribution services, with a focus on serving multinational corporations as their target customers.

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: -

	RM'000
Secured:	
- Corporate guarantee given to licensed bank for credit facilities granted to subsidiary	104,200

A14. Capital Commitments

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

	RM'000
Approved and contracted for:	
- Property, plant and equipment	7,879

A15. Related party transactions

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

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Interim Financial Report for the Financial Period Ended 30 SEPTEMBER 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 September 2023, the Group recorded revenue of RM31.74 million, an increase of 10.2% or RM2.93 million as compared to the corresponding preceding financial period. This growth was predominantly driven by the manufacturing segment, which experienced a revenue increase of RM1.97 million.

The Group's revenue was principally derived from land transport, warehousing and other services segment, which contributing approximately 84.4% of the Group's total revenue. Further zooming into the division, of the RM31.74 million, land transport and warehousing contributed RM20.77 million (65.4%) and RM5.37 million (16.9%) respectively followed by others at RM0.66 million (2.1%) in current financial quarter.

On the other hand, the manufacturing segment accounted for the remaining 15.6% or RM4.94 million of the Group's total revenue, achieved a profit before tax ("PBT") of RM0.59 million for current quarter ended 30 September 2023.

The Group reported a loss before tax ("LBT") of RM3.32 million for the current financial quarter as compared to a LBT of RM2.43 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 operating expenses, depreciation and salaries expenses in current financial quarter.

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

	3 Months Ended		Deviation	
	30.09.2023	30.06.2023	Amount	
	RM'000	RM'000	RM'000	%
Revenue	31,743	37,027	(5,284)	(14.27)
Loss Before Tax	(3,322)	(3,473)	151	4.35

The Group's total revenue decrease by 14.27%, dropping from RM37.03 million in the immediate preceding financial quarter to RM31.74 million in the current financial quarter. The decline in revenue as compared to immediate preceding quarter was mainly due to the completion of the contract awarded by manufacturing and fabrication of trailers division.

The Group reported a LBT of RM3.32 million for the current quarter, a slight decrease from the LBT of RM3.47 million in the immediate preceding quarter. This reduction can be attributed to an unrealized foreign exchange gain in trade receivables, coupled with proactive measures taken by management to reduce administrative expenses.

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Interim Financial Report for the Financial Period Ended 30 SEPTEMBER 2023**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B3. Prospects of the Group**

The Group foresees ongoing challenges within its operating business environment. To navigate these economic conditions, the Group has taken necessary measures to actively engage with businesses, ensuring cost-savings and reductions while combating the challenging economic environment. The Group will 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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived after charging/ (crediting):				
Depreciation expenses	4,420	3,972	8,864	8,103
Gain on disposal of property, plant and equipment	(5)	-	(54)	-
(Gain)/ loss on foreign exchange				
- Realised	8	(34)	(14)	(52)
- Unrealised	(335)	-	(335)	-
Interest expense	1,686	1,418	3,387	2,716
Interest income	(38)	(130)	(100)	(206)

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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
<u>Income tax expense</u>				
Current tax expense	347	211	786	365
Deferred tax expense	-	-	-	-
Total	347	211	786	365

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

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Interim Financial Report for the Financial Period Ended 30 SEPTEMBER 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 September 2023 are as follows:

	As at 30.9.2023 RM'000 Unaudited	As at 31.3.2023 RM'000 Audited
<u>Long-term borrowings (Secured)</u>		
Hire purchase payables	3,157	3,033
Term loans	67,603	75,925
	<u>70,760</u>	<u>78,958</u>
<u>Short-term borrowings (Secured)</u>		
Hire purchase payables	954	567
Term loans	15,841	12,390
Banker acceptance	5,004	2,660
Bank overdrafts	15,752	15,788
	<u>37,551</u>	<u>31,405</u>
Total borrowings	<u>108,311</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.

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Interim Financial Report for the Financial Period Ended 30 SEPTEMBER 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	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Loss after tax attributable to owners of the Company	(3,351)	(2,859)	(7,274)	(5,512)
Weighted average number of ordinary shares in issue ('000) (basic)	255,658	247,270	255,658	246,221
Effects of conversion of warrants	-	-	-	-
Weighted average number of ordinary shares in issue ('000) (diluted)	255,658	247,270	255,658	246,221
Basic loss per share (sen)	(1.31)	(1.16)	(2.85)	(2.24)
Diluted loss per share (sen)	(1.31)	(1.16)	(2.85)	(2.24)