

KIM HIN INDUSTRY BERHAD

REGISTRATION No.:197301003569 (18203-V)

Interim Financial Report

31 March 2020

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the three-month period ended 31 March 2020

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KIM HIN INDUSTRY BHD

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue	11	72,740	83,839	72,740	83,839
Cost of sales		(56,429)	(64,038)	(56,429)	(64,038)
Gross profit		16,311	19,801	16,311	19,801
Other income		2,236	3,727	2,236	3,727
Selling and distribution costs		(10,632)	(11,675)	(10,632)	(11,675)
Administrative expenses		(18,231)	(18,288)	(18,231)	(18,288)
Other expenses		(6,204)	(1,776)	(6,204)	(1,776)
Operating loss		(16,520)	(8,211)	(16,520)	(8,211)
Finance costs		(1,275)	(291)	(1,275)	(291)
Loss before tax	12	(17,795)	(8,502)	(17,795)	(8,502)
Income tax expense	13	(130)	(615)	(130)	(615)
Loss for the period		(17,925)	(9,117)	(17,925)	(9,117)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		438	188	438	188
Other comprehensive income for the period, net of tax		438	188	438	188
Total comprehensive income for the period		(17,487)	(8,929)	(17,487)	(8,929)

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

		Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Note	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Loss attributable to:					
Owners of the Company		(17,853)	(8,898)	(17,853)	(8,898)
Non-controlling interests		(72)	(219)	(72)	(219)
		<u>(17,925)</u>	<u>(9,117)</u>	<u>(17,925)</u>	<u>(9,117)</u>
		=====	=====	=====	=====
Total comprehensive income attributable to:					
Owners of the Company		(17,829)	(8,807)	(17,829)	(8,807)
Non-controlling interests		342	(122)	342	(122)
		<u>(17,487)</u>	<u>(8,929)</u>	<u>(17,487)</u>	<u>(8,929)</u>
		=====	=====	=====	=====
Loss per share attributable to owners of the Company:					
- Loss per share for the period (basic/diluted) (sen)	14	(12.73)	(6.34)	(12.73)	(6.34)
		=====	=====	=====	=====

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Financial Position**

		31.03.2020	31.12.2019
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	127,275	130,478
Right-of-use assets		66,997	71,594
Investment properties	16	27,178	26,984
Other investments		23,230	25,526
Intangible assets	17	16,643	16,643
Deferred tax assets		4,142	4,352
		<hr/>	<hr/>
		265,465	275,577
Current assets			
Inventories	18	128,735	134,540
Trade and other receivables		65,167	75,675
Other current assets		2,986	2,494
Derivatives assets		-	6
Other investments		27,406	-
Tax recoverable		1,391	2,709
Cash and bank balances	19	58,240	62,645
		<hr/>	<hr/>
		283,925	278,069
		<hr/>	<hr/>
TOTAL ASSETS		549,390	553,646
		<hr/> <hr/>	<hr/> <hr/>

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Financial Position (contd.)**

		31.03.2020	31.12.2019
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	20	206,658	206,658
Treasury shares	20	(24,309)	(24,309)
Other reserves		10,368	10,344
Retained earnings		196,303	214,156
		<hr/>	<hr/>
		389,020	406,849
Non-controlling interests		13,028	12,686
		<hr/>	<hr/>
TOTAL EQUITY		402,048	419,535
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	15,074	15,846
Lease liabilities		18,378	20,998
Deferred tax liabilities		4,813	4,813
Provisions		369	402
		<hr/>	<hr/>
		38,634	42,059
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	6,927	7,069
Lease liabilities		8,387	10,323
Trade and other payables		88,429	68,347
Provisions		3,555	3,872
Derivative liabilities		257	-
Deferred capital grant		141	192
Tax payable		1,012	2,249
		<hr/>	<hr/>
		108,708	92,052
		<hr/>	<hr/>
TOTAL LIABILITIES		147,342	134,111
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		549,390	553,646
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.77	2.90
		<hr/>	<hr/>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →						Non-controlling interests (“NCI”)	Total equity
	← Non-Distributable			→ Distributable				
	Share capital	Treasury shares	Reserve and enterprise expansion funds	Translation adjustment	Retained earnings	Total		
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
At 1 January 2020	206,658	(24,309)	4,791	5,553	214,156	406,849	12,686	419,535
Loss net of tax	-	-	-	-	(17,853)	(17,853)	(72)	(17,925)
Other comparative income	-	-	-	24	-	24	414	438
Total comprehensive income	-	-	-	24	(17,853)	(17,829)	342	(17,487)
At 31 March 2020	206,658	(24,309)	4,791	5,577	196,303	389,020	13,028	402,048
At 1 January 2019	206,658	(24,309)	4,593	7,403	246,803	441,148	16,914	458,062
Loss net of tax	-	-	-	-	(8,898)	(8,898)	(219)	(9,117)
Other comparative income	-	-	-	91	-	91	97	188
Total comprehensive income	-	-	-	91	(8,898)	(8,807)	(122)	(8,929)
At 31 March 2019	206,658	(24,309)	4,593	7,494	237,905	432,341	16,792	449,133

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Cash Flows**

	Note	3 months ended	
		31.03.2020 RM'000	31.03.2019 RM'000
Operating activities			
Loss before tax		(17,795)	(8,502)
Adjustments for:			
Amortisation of deferred capital grant		(51)	(51)
Credit losses on receivables (reversed)/provided		(127)	9
Depreciation of investment properties		87	87
Depreciation of property, plant and equipment		5,203	5,665
Depreciation on right-of-used assets		2,538	-
Dividend income		(82)	(1)
Gains on disposal of property, plant and equipment		-	(117)
Interest expense		1,275	291
Interest income		(55)	(54)
Inventories written off		11	7
Loss/(gains) on fair value changes		2,638	(2,122)
Provision for annual leave		3	2
Unrealised loss on foreign exchange		1,544	42
Write-down of inventories reversed		(134)	(400)
Operating cash flows before changes in working capital		(4,945)	(5,144)
Changes in working capital:			
Decrease in inventories		2,944	6,855
Decrease in receivables		9,609	4,701
Increase/(decrease) in payables		21,207	(14,401)
Cash generated/(used in) from operations		28,815	(7,989)
Interest paid		(1,275)	(291)
Taxes paid, net of refund		(150)	(1,095)
Net cash flows from/(used in) operating activities carried forward		27,390	(9,375)

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Interim report for the three-month period ended 31 March 2020**Condensed Consolidated Statement of Cash Flows (contd.)**

	3 months ended	
	31.03.2020	31.03.2019
Note	RM'000	RM'000
Net cash flows from/(used in) operating activities brought forward	27,390	(9,375)
Investing activities		
Acquisition of property, plant and equipment	(1,755)	(1,865)
Acquisition of other investments	(27,417)	(4,260)
Interest received	55	54
Dividend received	11	-
Proceeds from disposal of property, plant and equipment	-	170
Placement in short-term deposits with maturity more than 3 months	(2,552)	(28)
Net cash flows used in investing activities	<u>(31,658)</u>	<u>(5,929)</u>
Financing activities		
Loan and borrowing obtained	184	4,975
Payment of lease liabilities	(2,616)	-
Repayment of term loan	(772)	(727)
Net cash flows (used in)/from financing activities	<u>(3,204)</u>	<u>4,248</u>
Net decrease in cash and cash equivalents	(7,472)	(11,056)
Effect of foreign exchange rate changes	515	358
Cash and cash equivalents at 1 January	45,121	41,870
Cash and cash equivalents at 31 March	19 <u>38,164</u>	<u>31,172</u>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

PART A – Explanatory Notes Pursuant to MFRS 134**1. Basis of preparation**

The condensed consolidated interim financial statements, for the three-month period ended 31 March 2020 are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

2. Changes in accounting policies

The significant accounting policies adopted by the Group in the condensed consolidated interim financial statements are consistent with those of the Group’s audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following amendments to MFRSs with effect from 1 January 2020:

	Effective for annual periods beginning
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020

The adoption of the abovementioned amendments to MFRSs is not expected to have material impact to the financial statements of the Group.

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PART A – Explanatory Notes Pursuant to MFRS 134

3. Seasonal or cyclical factors

The business operations of the Group have been significantly affected by seasonal or cyclical factors relating to the festive season, which normally affects the construction industry in the first quarter of the year.

4. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the financial quarter ended 31 March 2020.

5. Changes in estimates

There were no changes in estimates of amounts that have had a material effect on the results of the current financial quarter.

6. Debt and equity securities

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares during the current financial quarter.

7. Dividends paid

There was no dividend paid during the financial quarter ended 31 March 2020.

8. Material subsequent events

There were no material event subsequent to the end of the financial quarter reported that have not been reflected in these interim financial statements.

9. Changes in composition of the Group

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

10. Changes in contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2019.

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PART A – Explanatory Notes Pursuant to MFRS 134**11. Revenue**

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Sales of goods	72,658	83,838
Dividend income	82	1
	<u>72,740</u>	<u>83,839</u>
	=====	=====

12. Loss before tax

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Profit for the three-month period is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	(51)	(51)
Credit losses on receivables (reversed)/provided	(127)	9
Depreciation of investment properties	87	87
Depreciation of property, plant and equipment	5,203	5,665
Depreciation on right-of-used assets	2,538	-
Dividend income	(82)	(1)
Gains on disposal of property, plant and equipment	-	(117)
Interest expense	1,275	291
Interest income	(55)	(54)
Inventories written off	11	7
Loss/(gain) on fair value changes	2,638	(2,122)
Provision for annual leave	3	2
Unrealised loss on foreign exchange	1,544	42
Write-down of inventories reversed	(134)	(400)
	<u>=====</u>	<u>=====</u>

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PART A – Explanatory Notes Pursuant to MFRS 134**13. Income tax expense**

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Current income tax:		
Malaysian income tax	449	523
Foreign tax	-	280
Over provision in prior year – foreign tax	(319)	-
Deferred income tax	-	(188)
Income tax expense for the period	<u>130</u>	<u>615</u>
	=====	=====

The Group's effective tax rate for both current financial quarter ended 31 March 2020 and the preceding year's corresponding quarter was higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

14. Loss per share**Basic/Diluted**

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

There is no dilutive effect of all potential ordinary shares.

The following reflect the loss and share data used in the computation of basic loss per share:

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	<u>(17,853)</u>	<u>(8,898)</u>
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	<u>(15,377)</u>	<u>(15,377)</u>
Weighted average number of ordinary shares in issue ('000)	<u>140,239</u>	<u>140,239</u>
Basic loss per share (sen)	<u>(12.73)</u>	<u>(6.34)</u>
	=====	=====

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PART A – Explanatory Notes Pursuant to MFRS 134**15. Property, plant and equipment**

During the current financial quarter, the Group acquired property, plant and equipment at a cost of RM1,755,000 (31 March 2019: RM1,865,000)

The Group disposed of property, plant and equipment with carrying amount of RM63,000 during the first three-month period of the previous financial year and resulting in gains on disposal of RM117,000 recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income. There were no disposal of property, plant and equipment during the current financial quarter.

16. Investment properties

	31.03.2020	31.12.2019
	RM'000	RM'000
Cost		
At 1 January	29,065	29,286
Addition	-	-
Translation difference	281	(221)
	<u>29,346</u>	<u>29,065</u>
Accumulated depreciation		
At 1 January	2,081	1,732
Charge for the period	87	349
	<u>2,168</u>	<u>2,081</u>
Net carrying amount		
At 31 March/31 December	<u>27,178</u>	<u>26,984</u>
	=====	=====

17. Intangible assets

	31.03.2020	31.12.2019
	RM'000	RM'000
Cost		
Goodwill	9,838	9,838
Arrangements with franchisee	11,786	11,786
Brands	4,857	4,857
	<u>26,481</u>	<u>26,481</u>
Accumulated impairment		
At 31 March/31 December	<u>(9,838)</u>	<u>(9,838)</u>
Net carrying amount		
At 31 March/31 December	<u>16,643</u>	<u>16,643</u>
	=====	=====

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PART A – Explanatory Notes Pursuant to MFRS 134**18. Inventories**

During the current financial quarter ended 31 March 2020, the Group recognised a reversal of write-down on inventories provided of RM134,000 (31 March 2019: a reversal of write-down of RM400,000) to net realisable value. This expense was included in other income in the consolidated statement of profit or loss and other comprehensive income.

19. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	31.03.2020	31.12.2019
	RM'000	RM'000
Cash on hand and at bank	38,164	45,121
Deposits with financial institutions	20,076	17,524
	<hr/>	<hr/>
Cash and bank balances	58,240	62,645
Deposits with maturity more than 3 months	(20,076)	(17,524)
	<hr/>	<hr/>
Cash and cash equivalents	38,164	45,121
	=====	=====

20. Share capital, share premium and treasury shares*Issue of shares*

There was no issuance of ordinary shares during the current financial quarter.

Treasury shares

During the current financial quarter, the Company has not purchased any of its own shares.

Of the total 155,616,013 (31 March 2019: 155,616,013) issued and fully paid ordinary shares as at 31 March 2020, 15,376,900 (31 March 2019: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 March 2020, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 March 2019: 140,239,113) ordinary shares of RM1 each.

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PART A – Explanatory Notes Pursuant to MFRS 134**21. Loans and Borrowings**

The details of the Group's secured borrowings, all denominated in Ringgit Malaysia, are as follows:

	31.03.2020	31.12.2019
	RM'000	RM'000
Current		
Trade facilities, unsecured	3,841	3,983
Term loans, secured	3,086	3,086
	<u>6,927</u>	<u>7,069</u>
Non-current		
Term loans, secured	15,074	15,846
	<u>22,001</u>	<u>22,915</u>
	=====	=====
Changes in liabilities arising from financing activities		
At 1 January	22,915	22,981
(Repayment)/drawn down of overdraft	-	(1,123)
Drawn down of borrowings	184	3,983
Repayment of borrowings	(772)	(2,926)
Translation differences	(326)	-
	<u>22,001</u>	<u>22,915</u>
	=====	=====
At 31 March/31 December	22,001	22,915

The term loans are based on the floating interest rate and are secured by way of fixed charge over certain landed properties of a wholly owned subsidiary of the Group and corporate guarantee of the Company.

PART A – Explanatory Notes Pursuant to MFRS 134**22. Derivative assets**

As at the end of the current financial quarter, derivatives (including financial instruments designated as hedging instruments) entered into by the Group consist of forward foreign exchange contracts entered regularly by the Group with licensed financial institutions to hedge against currency fluctuation for its trade receivables and payables as part of the normal course of business. Details of the outstanding derivative financial instruments as at 31 March 2020 are tabulated below:

	Contract value RM'000	Fair value RM'000	Gain/(loss) on fair value RM'000	Reason for gain/(loss)
Maturity within 1 year	16,064 =====	16,321 =====	257 =====	Weakening of USD

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting three-month period and changes in the fair value is recognised in the profit or loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

The derivative financial instrument is subjected to credit risk arising from the possibility of default of the counter party in meeting its contractual obligations in which the Group has a gain in the contract. This, however, is minimised as the financial instrument is executed with creditworthy financial institutions.

The Group had sufficient internal funds for its settlement as and when it falls due.

23. Financial instruments*Determination of fair value*

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	31.03.2020		31.12.2019	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	22,001 =====	22,001 =====	22,915 =====	22,915 =====

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PART A – Explanatory Notes Pursuant to MFRS 134**23. Financial instruments (contd.)***Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities,

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets measured at fair value consist of other investments.

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31.03.2020				
Financial assets/(liabilities)				
Other investments				
- unquoted unit trust	50,636	50,636	-	-
Derivative liabilities	(257)	-	(257)	-
	=====	=====	=====	=====
31.12.2019				
Financial assets				
Other investments				
- Unquoted unit trusts	25,526	25,526	-	-
Derivative assets	6	-	6	-
	=====	=====	=====	=====

There have been no transfers between any levels of the fair value hierarchy and no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the current interim three-month period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

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PART A – Explanatory Notes Pursuant to MFRS 134**24. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2020 and 31 March 2019:

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	499	499
Insurance commission earned as insurance agent	57	-
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	175	148
Directors' interest		
Renovation and maintenance costs	49	-
Purchase of ceramic tiles for resale	28	-
Sales of ceramic tiles	-	2
	=====	=====

The transactions have been entered into with related parties on terms and conditions that are not more favorable to the related party than those generally available to the public.

25. Capital commitments

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 31 March 2020 was as follows:

	31.03.2020	31.12.2019
	RM'000	RM'000
Authorised and contracted for	7,334	7,950
Authorised but not contracted for	5,942	5,942
	=====	=====

26. Changes in contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets as at the date of this announcement.

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PART A – Explanatory Notes Pursuant to MFRS 134**27. Segmental information**

The Group operates principally in one industry and the information for each of the Group's geographical segments for the current financial quarter is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.03.2020					
<i>Segment Revenue</i>					
Total sales	42,607	7,450	28,938	887	79,882
Inter-segment sales	(6,721)	(421)	-	-	(7,142)
	<u>35,886</u>	<u>7,029</u>	<u>28,938</u>	<u>887</u>	<u>72,740</u>
<i>Segment Results</i>					
Segment operating loss	(12,721)	(490)	(3,186)	(123)	(16,520)
Finance cost	(264)	-	(1,011)	-	(1,275)
	<u>(12,985)</u>	<u>(490)</u>	<u>(4,197)</u>	<u>(123)</u>	<u>(17,795)</u>
Income tax expense	(449)	319	-	-	(130)
	<u>(13,434)</u>	<u>(171)</u>	<u>(4,197)</u>	<u>(123)</u>	<u>(17,925)</u>
Non-controlling interest	-	35	-	37	72
	<u>(13,434)</u>	<u>(136)</u>	<u>(4,197)</u>	<u>(86)</u>	<u>(17,853)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2020:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	335,326	97,635	112,912	3,517	549,390
Inter-segment assets	-	-	-	-	-
	<u>335,326</u>	<u>97,635</u>	<u>112,912</u>	<u>3,517</u>	<u>549,390</u>
<i>Segment Liabilities</i>					
Total liabilities	54,433	36,532	56,187	190	147,342
Inter-segment liabilities	-	-	-	-	-
	<u>54,433</u>	<u>36,532</u>	<u>56,187</u>	<u>190</u>	<u>147,342</u>

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PART A – Explanatory Notes Pursuant to MFRS 134**27. Segmental information (contd.)**

The information for each of the Group's geographical segments for the preceding year's corresponding financial quarter is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.03.2019					
<i>Segment Revenue</i>					
Total sales	47,991	8,291	32,562	985	89,829
Inter-segment sales	(5,840)	(150)	-	-	(5,990)
	<u>42,151</u>	<u>8,141</u>	<u>32,562</u>	<u>985</u>	<u>83,839</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating loss	(3,913)	(783)	(3,463)	(52)	(8,211)
Finance cost	(270)	-	(21)	-	(291)
	<u>(4,183)</u>	<u>(783)</u>	<u>(3,484)</u>	<u>(52)</u>	<u>(8,502)</u>
Income tax expense	(522)	(207)	114	-	(615)
	<u>(4,705)</u>	<u>(990)</u>	<u>(3,370)</u>	<u>(52)</u>	<u>(9,117)</u>
Non-controlling interest	-	203	-	16	219
	<u>(4,705)</u>	<u>(787)</u>	<u>(3,370)</u>	<u>(36)</u>	<u>(8,898)</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2019:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	347,742	87,988	104,035	2,909	542,674
Inter-segment assets	-	-	-	-	-
	<u>347,742</u>	<u>87,988</u>	<u>104,035</u>	<u>2,909</u>	<u>542,674</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	49,591	7,757	36,040	153	93,541
Inter-segment liabilities	-	-	-	-	-
	<u>49,591</u>	<u>7,757</u>	<u>36,040</u>	<u>153</u>	<u>93,541</u>
	=====	=====	=====	=====	=====

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

28. Performance review

Current financial quarter as compared with preceding year's corresponding quarter

Revenue of the Group for the current financial quarter declined to RM72.7 million from RM83.8 million recorded in the preceding year's corresponding financial quarter ended 31 March 2019. The decline was due to the prevailing softening market conditions of the domestic property market in Malaysia as well as the Australian property sector, and the closure of production and sales activities in Malaysia during Movement Control Order that came into effect on 18 March 2020. The Group's production activity in Shanghai was also shut down during the China national lockdown in the first two months of year 2020.

The Group registered a loss before tax of RM17.8 million for the current financial quarter as compared to a loss before tax of RM8.5 million suffered in the preceding year's corresponding financial quarter due to lower revenue and reduced profit margin. The losses for the current financial quarter include loss on fair value changes of RM2.6 million and unrealised foreign exchange losses of RM1.5 million. It recorded a gain on fair value changes of RM2.1 million and unrealised foreign exchange of RM0.04 million during the preceding year's corresponding financial quarter.

29. Comment on material change in the current financial quarter's results compared to the results of the preceding quarter

The Group's revenue for the current financial quarter has decreased from RM100.2 million to RM72.7 million, mainly due to the slow-down in domestic markets of all geographical segments in which the Group operates as well as overseas markets, apart from seasonal factors as disclosed in Note 3, which normally affects sales in the first quarter.

The Group recorded a loss before tax of RM17.8 million for the current financial quarter under review as compared to a loss before tax of RM6.8 million for the immediate preceding quarter, mainly due to lower revenue.

30. Commentary on prospects

The Group's results are dependent on the performance of the national and regional economies, which are greatly affected by the extent and duration of the unprecedented Covid-19 pandemic, besides fluctuations in main operating costs and foreign exchange movement. Nevertheless, the Group strives to remain cautious of the uncertainty surrounding the Covid-19 pandemic which has become a worldwide phenomenon.

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31. Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

32. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The disclosure requirements are not applicable as no announcements or disclosures were published by the Company in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

33. Statement by the Board of Directors on achievability of revenue or profit estimate, forecast, projection or internal targets

The statements of the Board of Directors' opinion are not required as no announcements or disclosures were published by the Company in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

34. Status of corporate proposals

There were no corporate proposals announced but not completed as at 28 June 2020.

35. Changes in material litigation

As at the date of this announcement, the Group is not engaged in any pending material litigation except for debt recovery actions initiated by the Group against certain of its trade receivables in the normal course of business.

36. Dividend payable

No interim dividend has been declared for the financial quarter ended 31 March 2020 (31 March 2019: Nil).

37. Disclosure of nature of outstanding derivatives

Please refer to Note 22 for details.

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PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**38. Disclosure of gains / losses arising from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2020 and 31 March 2019.

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

40. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 March 2020 and 31 December 2019, into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31.03.2020	As at 31.12.2019
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	188,471	202,930
- Unrealised	8,128	10,980
	<u>196,599</u>	<u>213,910</u>
Less: Consolidated adjustments	(296)	246
Total Group's retained earnings as per financial statements	<u>196,303</u> =====	<u>214,156</u> =====

The disclosure of realised and unrealised earnings above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

BY ORDER OF THE BOARD

29 June 2020