

KIM HIN INDUSTRY BERHAD

REGISTRATION No.: 197301003569 (18203-V)

Interim Financial Report

30 September 2022

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the nine-month period ended 30 September 2022

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KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the nine-month period ended 30 September 2022**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Revenue	11	88,333	75,023	255,555	250,040
Cost of sales		(67,960)	(59,940)	(204,638)	(195,550)
Gross profit		20,373	15,083	50,917	54,490
Other income		2,824	354	9,441	6,433
Selling and distribution costs		(9,016)	(8,553)	(27,658)	(26,830)
Administrative expenses		(17,873)	(17,929)	(51,573)	(53,596)
Other expenses		(2,144)	(1,281)	(5,994)	(3,689)
Operating loss		(5,836)	(12,326)	(24,867)	(23,192)
Finance costs		(673)	(458)	(1,864)	(1,396)
Loss before tax	12	(6,509)	(12,784)	(26,731)	(24,588)
Income tax expense	13	(167)	(2,156)	(791)	(2,414)
Loss for the period		(6,676)	(14,940)	(27,522)	(27,002)
Other comprehensive income:					
Other comprehensive (loss)/income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(652)	(155)	(539)	3,523
Other comprehensive (loss)/income for the period, net of tax		(652)	(155)	(539)	3,523
Total comprehensive (loss)/income for the period		(7,328)	(15,095)	(28,061)	(23,479)

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Interim report for the nine-month period ended 30 September 2022**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

		Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	Note	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Loss attributable to:					
Owners of the Company		(6,749)	(15,087)	(27,681)	(27,272)
Non-controlling interests		73	147	159	270
		<u>(6,676)</u>	<u>(14,940)</u>	<u>(27,522)</u>	<u>(27,002)</u>
		=====	=====	=====	=====
Total comprehensive loss attributable to:					
Owners of the Company		(7,280)	(15,321)	(28,108)	(24,505)
Non-controlling interests		(48)	226	47	1,026
		<u>(7,328)</u>	<u>(15,095)</u>	<u>(28,061)</u>	<u>(23,479)</u>
		=====	=====	=====	=====
Loss per share attributable to owners of the Company:					
- Earnings/(loss) per share for the period (basic/diluted) (sen)	14	(4.81)	(10.76)	(19.74)	(19.45)
		=====	=====	=====	=====

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 nine-month period ended 30 September 2022**Condensed Consolidated Statement of Financial Position**

		30.09.2022	31.12.2021
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	117,968	118,279
Right-of-use assets		74,278	77,417
Investment properties	16	29,862	30,290
Other investments		22,300	31,821
Intangible assets	17	17,548	17,548
Deferred tax assets		4,649	4,680
		<hr/>	<hr/>
		266,605	280,035
Current assets			
Inventories	18	129,070	129,224
Trade and other receivables		58,342	60,149
Other current assets		2,088	3,066
Derivatives assets	19	-	86
Tax recoverable		979	807
Cash and bank balances	20	35,775	52,786
		<hr/>	<hr/>
		226,254	246,118
TOTAL ASSETS			
		492,859	526,153
		=====	=====

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Interim report for the nine-month period ended 30 September 2022**Condensed Consolidated Statement of Financial Position (contd.)**

		30.09.2022	31.12.2021
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Derivative liabilities	19	171	-
Loans and borrowings	20	12,588	13,326
Lease liabilities		8,814	9,888
Trade and other payables		76,143	78,606
Provisions		4,619	4,622
Tax payable		1,451	1,233
		<hr/>	<hr/>
		103,786	107,675
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	10,882	10,326
Lease liabilities		31,804	33,014
Deferred tax liabilities		4,786	4,786
Provisions		352	356
		<hr/>	<hr/>
		47,824	48,482
		<hr/>	<hr/>
TOTAL LIABILITIES		151,610	156,157
		<hr/>	<hr/>
Equity			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		18,080	18,507
Retained earnings		127,402	155,083
		<hr/>	<hr/>
		327,831	355,939
Non-controlling interests		13,418	14,057
		<hr/>	<hr/>
TOTAL EQUITY		341,249	369,996
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		492,859	526,153
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.34	2.54
		<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 nine-month period ended 30 September 2022**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →					Non-controlling interests ("NCI")	Total equity	
	Share capital	Treasury shares	Reserve and enterprise expansion funds	Translation adjustment account	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	206,658	(24,309)	6,932	11,575	155,083	355,939	14,057	369,996
Loss net of tax	-	-	-	-	(27,681)	(27,681)	159	(27,522)
Other comparative income	-	-	-	(427)	-	(427)	(112)	(539)
Total comprehensive income	-	-	-	(427)	(27,681)	(28,108)	47	(28,061)
Transaction with owners								
Capital repayment to NCI	-	-	-	-	-	-	(460)	(460)
Dividend paid to NCI	-	-	-	-	-	-	(226)	(226)
At 30 September 2022	206,658	(24,309)	6,932	11,148	127,402	327,831	13,418	341,249

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Interim report for the nine-month period ended 30 September 2022**Condensed Consolidated Statement of Changes in Equity**

	←————— Attributable to equity holders of the Company —————→					Non- controlling interests ("NCI")	Total equity	
	Share capital RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000			Total RM'000
At 1 January 2021	206,658	(24,309)	6,810	8,437	194,969	392,565	17,547	410,112
Loss net of tax	-	-	-	-	(27,272)	(27,272)	270	(27,002)
Other comparative income	-	-	-	2,767	-	2,767	756	3,523
Total comprehensive income	-	-	-	2,767	(27,272)	(24,505)	1,026	(23,479)
Transaction with owners								
Dividend paid to NCI	-	-	-	-	-	-	(4,927)	(4,927)
At 30 September 2021	206,658	(24,309)	6,810	11,204	167,697	368,060	13,646	381,706

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 nine-month period ended 30 September 2022**Condensed Consolidated Statement of Cash Flows**

	Note	9 months ended	
		30.09.2022	30.09.2021
		RM'000	RM'000
Operating activities			
Loss before tax		(26,731)	(24,588)
Adjustments for:			
Credit losses on trade receivables (reversed)/provided, net		(91)	523
Depreciation of investment properties		262	262
Depreciation of property, plant and equipment and right-of-use assets		17,479	17,601
Dividend income		(1,972)	(204)
(Gains)/loss on disposal of other investments		(12)	2
Gains on disposal of property, plant and equipment, net		(704)	(243)
Gains on lease modification		(20)	-
Interest expense		1,864	1,396
Interest income		(95)	(110)
Inventories written off		183	65
Loss on fair value changes, net		5,762	744
Property, plant and equipment written off		75	430
Reversal of impairment on property, plant and equipment		(730)	-
Unrealised (gains)/loss on foreign exchange		(615)	1,014
Write-down of inventories (reversed)/provided, net		(814)	354
Operating cash flows before changes in working capital		(6,159)	(2,754)
Changes in working capital:			
Decrease in inventories		405	714
Decrease in receivables		3,262	18,169
Decrease in payables		(2,286)	(11,395)
Cash (used in)/generated from operations		(4,778)	4,734
Interest paid		(1,864)	(1,396)
Taxes paid, net of refund		(726)	(10,829)
Net cash flows used in operating activities carried forward		(7,368)	(7,491)

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Interim report for the nine-month period ended 30 September 2022**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	9 months ended	
		30.09.2022 RM'000	30.09.2021 RM'000
Net cash flows used in operating activities brought forward		(7,368)	(7,491)
Investing activities			
Acquisition of intangible assets		-	(413)
Acquisition of other investments		-	(9,084)
Acquisition of property, plant and equipment		(9,193)	(9,035)
Interest received		95	110
Proceeds from disposal of other investments		6,000	8,024
Proceeds from disposal of property, plant and equipment		1,598	251
(Increase)/decrease in short-term deposits with maturity more than three months		-	(246)
Net cash flows used in investing activities		<u>(1,500)</u>	<u>(10,393)</u>
Financing activities			
Drawdown of borrowings, net		2,165	5,345
Dividend paid to non-controlling interest		(226)	(4,927)
Capital repayment to non-controlling interest		(460)	-
Lease payment		(7,910)	(7,630)
Term loan repaid		(2,713)	(2,568)
Net cash flows used in financing activities		<u>(9,144)</u>	<u>(9,780)</u>
Net decrease in cash and cash equivalents		(18,012)	(27,664)
Effect of foreign exchange rate changes		674	3,238
Cash and cash equivalents at 1 January		47,047	65,233
Cash and cash equivalents at 30 September	20	<u>29,709</u>	<u>40,807</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 nine-month period ended 30 September 2022 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 2021. 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 2021.

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 2021, except for the adoption of the following standards and amended MFRSs (collectively referred to as “pronouncements”) with effect from 1 January 2022:

	Effective for annual periods beginning on or after
Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 September 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022

The pronouncements did not have any material effect on the financial performance or position 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 period ended 30 September 2022.

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 period.

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 period.

7. Dividends paid

There was no dividend paid during the financial period ended 30 September 2022.

8. Material subsequent events

There were no material events subsequent to the end of the financial period 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 period.

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 2021.

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

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Revenue from contracts with customers	253,583	249,836
Dividend income	1,972	204
	<u>255,555</u>	<u>250,040</u>
	=====	=====

12. Loss before tax

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Loss for the nine-month period is arrived at after charging/ (crediting):		
Depreciation of investment properties	262	262
Depreciation of property, plant and equipment and right-of-use assets	17,479	17,601
Dividend income	(1,972)	(204)
Expected credit losses on receivables, net	(91)	523
(Gains)/loss on disposal of other investments	(12)	2
Gains on disposal of property, plant and equipment, net	(704)	(243)
Gains on lease modification	(20)	-
Interest expense	1,864	1,396
Interest income	(95)	(110)
Inventories written off	183	65
Losses on fair value changes, net	5,762	744
Property, plant and equipment written off	75	430
Unrealised (gains)/loss on foreign exchange, net	(615)	1,014
Write-down of inventories (reversed)/provided, net	(814)	354
	<u>=====</u>	<u>=====</u>

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

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Current income tax:		
Malaysian income tax	325	477
Foreign tax	452	2,032
Under/(over) provision in previous year:		
Malaysian income tax	14	-
Foreign tax	-	(95)
	<u>791</u>	<u>2,414</u>
Deferred income tax	-	-
Income tax expense for the period	<u>791</u>	<u>2,414</u>
	=====	=====

The Group's effective tax rate for both current financial period ended 30 September 2022 and the preceding year's corresponding period 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:

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(27,681)	(27,272)
	<u> </u>	<u> </u>
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
	<u> </u>	<u> </u>
Weighted average number of ordinary shares in issue ('000)	140,239	140,239
	<u> </u>	<u> </u>
Basic loss per share (sen)	(19.74)	(19.45)
	=====	=====

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

During the current financial period, the Group acquired property, plant and equipment at a cost of RM9,193,000 (30 September 2021: RM6,243,000)

The Group disposed of property, plant and equipment with carrying amount of RM894,000 (30 September 2021: RM8,000) during the first nine-month period of the current financial year and resulting in gains on disposal of RM704,000 (30 September 2021: gains of RM243,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

	30.09.2022	31.12.2021
	RM'000	RM'000
Cost		
At 1 January	34,889	38,716
Disposal	-	(4,160)
Translation differences	(166)	333
	<u>34,723</u>	<u>34,889</u>
At 30 September/31 December		
Accumulated depreciation and impairment		
At 1 January	4,599	2,430
Charge for the period	262	349
Impaired during the period	-	1,820
	<u>4,861</u>	<u>4,599</u>
At 30 September/31 December		
Net carrying amount		
At 30 September/31 December	29,862	30,290
	=====	=====

17. Intangible assets

	30.09.2022	31.12.2021
	RM'000	RM'000
Cost		
Goodwill	9,838	9,838
Arrangements with franchisee	12,691	12,691
Brands	4,857	4,857
	<u>27,386</u>	<u>27,386</u>
At 30 September/31 December		
Accumulated impairment		
At 30 September/31 December	(9,838)	(9,838)
	<u>-----</u>	<u>-----</u>
Net carrying amount		
At 30 September/31 December	17,548	17,548
	=====	=====

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

During the current financial period ended 30 September 2022, the Group recognised a reversal of write-down on inventories provided amounting to RM814,000 (30 September 2021: a write-down of RM115,000). The provision/reversal was included in the consolidated statement of profit or loss and other comprehensive income.

19. Derivative liabilities

As at the end of the current financial period, 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 30 September 2022 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	3,656 =====	3,827 =====	(171) =====	Weakening of MYR

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting nine-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.

20. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	30.09.2022	31.12.2021
	RM'000	RM'000
Cash on hand and at bank	30,473	47,415
Deposits with financial institutions	5,302	5,371
	<hr/>	<hr/>
Cash and bank balances	35,775	52,786
Bank overdraft	(764)	(368)
Deposits with maturity more than 3 months	(5,302)	(5,371)
	<hr/>	<hr/>
Cash and cash equivalents	29,709 =====	47,047 =====

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

The details of the Group's secured borrowings, are as follows:

	30.09.2022	31.12.2021
	RM'000	RM'000
Current		
Bank overdraft, unsecured	764	368
Trade facilities, unsecured	8,046	9,326
Hire purchase, secured	80	-
Term loans, secured	3,698	3,632
	<u>12,588</u>	<u>13,326</u>
Non-current		
Hire purchase, secured	171	-
Term loans, secured	10,711	10,326
	<u>10,882</u>	<u>10,326</u>
Total loans and borrowings	<u>23,470</u>	<u>23,652</u>

Changes in liabilities arising from financing activities

At 1 January	23,652	21,960
Drawn down of borrowings	2,165	4,955
Repayment of borrowings	(2,713)	(3,511)
Translation differences	366	248
At 30 September/31 December	<u>23,470</u>	<u>23,652</u>

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 from the Company.

Certain borrowings of the Group are denominated in foreign currency, Australia Dollar.

	30.09.2022	31.12.2021
	RM'000	RM'000
Trade facilities, unsecured	5,568	4,289
Term loans, secured	3,165	-
	<u>8,733</u>	<u>4,289</u>

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PART A – Explanatory Notes Pursuant to MFRS 134

22. Share capital, share premium and treasury shares

Issue of shares

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

Treasury shares

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

Of the total 155,616,013 (30 September 2021: 155,616,013) issued and fully paid ordinary shares as at 30 September 2022, 15,376,900 (30 September 2021: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 September 2022, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 September 2021: 140,239,113) ordinary shares of RM1 each.

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:

	30.09.2022		31.12.2021	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	23,470 =====	23,470 =====	23,652 =====	23,652 =====

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.

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

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets/(liabilities)				
30.09.2022				
Other investments - unquoted unit trust	22,300	-	22,300	-
Derivative liabilities	(171)	-	(171)	-
	=====	=====	=====	=====
Financial assets				
31.12.2021				
Other investments - unquoted unit trusts	31,821	-	31,821	-
Derivative assets	86	-	86	-
	=====	=====	=====	=====

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.

24. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the nine-month period ended 30 September 2022 and 30 September 2021:

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	1,497	1,497
Insurance commission earned as insurance agent	93	94
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	549	451
Directors' interest		
Renovation and maintenance costs	91	139
Purchase of ceramic tiles for resale	-	-
Sales of ceramic tiles	6	55
	=====	=====

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.

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PART A – Explanatory Notes Pursuant to MFRS 134**25. Capital commitments**

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 30 September 2022 was as follows:

	30.09.2022	31.12.2021
	RM'000	RM'000
Authorised and contracted for	30	1,860
Authorised but not contracted for	-	5,384
	=====	=====

26. Changes in contingent liabilities and contingent assets

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

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 period is as follows:

	Malaysia Operation RM'000	China Operation RM'000	Australia Operation RM'000	Vietnam Operation RM'000	Total RM'000
30.09.2022					
<i>Segment Revenue</i>					
Total sales	134,227	22,615	112,311	2,755	271,908
Inter-segment sales	(14,414)	(1,939)	-	-	(16,353)
	<u>119,813</u>	<u>20,676</u>	<u>112,311</u>	<u>2,755</u>	<u>255,555</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(19,293)	1,383	(6,788)	(169)	(24,867)
Finance cost	(678)	-	(1,186)	-	(1,864)
(Loss)/profit before tax	(19,971)	1,383	(7,974)	(169)	(26,731)
Income tax expense	(427)	(364)	-	-	(791)
(Loss)/profit for the period	(20,398)	1,019	(7,974)	(169)	(27,522)
Non-controlling interest	-	(210)	-	51	(159)
(Loss)/profit attributable to owners of the parent	<u>(20,398)</u>	<u>809</u>	<u>(7,974)</u>	<u>(118)</u>	<u>(27,681)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2022:

	Malaysia Operation RM'000	China Operation RM'000	Australia Operation RM'000	Vietnam Operation RM'000	Total RM'000
<i>Segment Assets</i>					
Total assets	276,188	68,632	144,373	3,666	492,859
Inter-segment assets	-	-	-	-	-
	<u>276,188</u>	<u>68,632</u>	<u>144,373</u>	<u>3,666</u>	<u>492,859</u>
<i>Segment Liabilities</i>					
Total liabilities	49,029	6,457	95,950	174	151,610
Inter-segment liabilities	-	-	-	-	-
	<u>49,029</u>	<u>6,457</u>	<u>95,950</u>	<u>174</u>	<u>151,610</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 period is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.09.2021					
<i>Segment Revenue</i>					
Total sales	129,302	29,563	109,663	1,925	270,453
Inter-segment sales	(17,111)	(3,302)	-	-	(20,413)
	<u>112,191</u>	<u>26,261</u>	<u>109,663</u>	<u>1,925</u>	<u>250,040</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(19,307)	1,822	(5,381)	(326)	(23,192)
Finance cost	(746)	-	(650)	-	(1,396)
(Loss)/profit before tax	(20,053)	1,822	(6,031)	(326)	(24,588)
Income tax expense	(2,388)	(26)	-	-	(2,414)
(Loss)/profit for the period	(22,441)	1,796	(6,031)	(326)	(27,002)
Non-controlling interest	-	(368)	-	98	(270)
(Loss)/profit attributable to owners of the parent	<u>(22,441)</u>	<u>1,428</u>	<u>(6,031)</u>	<u>(228)</u>	<u>(27,272)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2021:

	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	306,238	70,436	123,278	2,892	502,844
Inter-segment assets	-	-	-	-	-
	<u>306,238</u>	<u>70,436</u>	<u>123,278</u>	<u>2,892</u>	<u>502,844</u>
<i>Segment Liabilities</i>					
Total liabilities	50,166	7,763	63,034	175	121,138
Inter-segment liabilities	-	-	-	-	-
	<u>50,166</u>	<u>7,763</u>	<u>63,034</u>	<u>175</u>	<u>121,138</u>

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

28. Performance review

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

Revenue of the Group for the current financial period improved to RM255.6 million from RM250.0 million, recorded in the preceding year's corresponding financial period ended 30 September 2021.

The lower revenue of the preceding year's corresponding period was due to restrictive measures (including full lockdowns) implemented in Malaysia, Vietnam and major cities in Australia to curb the prevalence of Covid-19 positive cases during most of the third financial quarter of that year.

The Group registered a loss before tax of RM26.7 million for the current financial period as compared to a loss before tax of RM24.6 million suffered in the preceding year's corresponding financial period due to higher loss of fair value changes on other investments.

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 increased to RM88.3 million from RM80.9 million.

The Group recorded a loss before tax of RM6.5 million for the current financial quarter under review as compared to a loss before tax of RM15.1 million for the immediate preceding quarter, mainly due to higher revenue.

30. Commentary on prospects

The results of the Group for the ensuing year are dependent on the performance and recovery of the national and global economies that are influenced by the impact of restrictive and containment measures on Covid-19, besides fluctuations in main operating costs, especially fuel costs, and foreign exchange movement.

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

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 23 November 2022.

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 period ended 30 September 2022. During the preceding financial year's corresponding period ended 30 September 2021, the Board has approved the declaration of an interim dividend of 2 sen per ordinary share, tax exempt, for the financial year ending 31 December 2021.

37. Disclosure of nature of outstanding derivatives

Please refer to Note 19 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 30 September 2022 and 30 September 2021.

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

40. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 30 September 2022 and 31 December 2021, 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 30.09.2022	As at 31.12.2021
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	119,162	141,091
- Unrealised	8,131	13,923
	<hr/>	<hr/>
	127,293	155,014
Less: Consolidated adjustments	109	69
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	127,402	155,083
	=====	=====

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

24 November 2022