

# **KIM HIN INDUSTRY BERHAD**

REGISTRATION No.: 197301003569 (18203-V)

## **Interim Financial Report**

**30 June 2022**

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim Financial Report for the six-month period ended 30 June 2022**

<b>Index</b>	<b>Page</b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6 - 7
Part A – Explanatory Notes Pursuant to MFRS 134	8 - 19
Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad	20 - 21

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
<b>Revenue</b>	11	80,925	83,933	167,222	175,017
Cost of sales		(68,045)	(65,635)	(136,678)	(135,610)
<b>Gross profit</b>		12,880	18,298	30,544	39,407
Other income		2,164	2,504	6,617	6,079
Selling and distribution costs		(10,005)	(8,791)	(18,642)	(18,277)
Administrative expenses		(17,722)	(18,238)	(33,700)	(35,667)
Other expenses		(1,834)	(1,780)	(3,850)	(2,408)
<b>Operating loss</b>		(14,517)	(8,007)	(19,031)	(10,866)
Finance costs		(652)	(448)	(1,191)	(938)
<b>Loss before tax</b>	12	(15,169)	(8,455)	(20,222)	(11,804)
Income tax expense	13	(331)	(178)	(624)	(258)
<b>Loss for the period</b>		(15,500)	(8,633)	(20,846)	(12,062)
<b>Other comprehensive income:</b>					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(794)	1,098	113	3,678
<b>Other comprehensive income for the period, net of tax</b>		(794)	1,098	113	3,678
<b>Total comprehensive income for the period</b>		(16,294)	(7,535)	(20,733)	(8,384)

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

		Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Note	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
<b>Loss attributable to:</b>					
Owners of the Company		(15,580)	(8,810)	(20,932)	(12,185)
Non-controlling interests		80	177	86	123
		<u>(15,500)</u>	<u>(8,633)</u>	<u>(20,846)</u>	<u>(12,062)</u>
		=====	=====	=====	=====
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(16,282)	(7,964)	(20,828)	(9,184)
Non-controlling interests		(12)	429	95	800
		<u>(16,294)</u>	<u>(7,535)</u>	<u>(20,733)</u>	<u>(8,384)</u>
		=====	=====	=====	=====
<b>Loss per share attributable to owners of the Company:</b>					
- Loss per share for the period (basic/diluted) (sen)	14	(11.11)	(6.28)	(14.93)	(8.69)
		=====	=====	=====	=====

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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2022****Condensed Consolidated Statement of Financial Position**

		<b>30.06.2022</b>	<b>31.12.2021</b>
		Unaudited	Audited
	<b>Note</b>	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	118,985	118,279
Right-of-use assets		72,356	77,417
Investment properties	16	30,131	30,290
Other investments		23,510	31,821
Intangible assets	17	17,548	17,548
Deferred tax assets		4,688	4,680
		<hr/>	<hr/>
		267,218	280,035
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	18	130,418	129,224
Trade and other receivables		57,531	60,149
Other current assets		3,052	3,066
Derivatives assets	19	-	86
Tax recoverable		801	807
Cash and bank balances	20	41,190	52,786
		<hr/>	<hr/>
		232,992	246,118
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>500,210</b>	<b>526,153</b>
		=====	=====

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

		<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Derivative liabilities	19	118	-
Loans and borrowings	20	13,483	13,326
Lease liabilities		9,145	9,888
Trade and other payables		77,273	78,606
Provisions		4,779	4,622
Tax payable		1,102	1,233
		<hr/>	<hr/>
		105,900	107,675
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	10,247	10,326
Lease liabilities		29,660	33,014
Deferred tax liabilities		4,786	4,786
Provisions		354	356
		<hr/>	<hr/>
		45,047	48,482
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		150,947	156,157
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		18,611	18,507
Retained earnings		134,151	155,083
		<hr/>	<hr/>
		335,111	355,939
<b>Non-controlling interests</b>		14,152	14,057
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		349,263	369,996
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		500,210	526,153
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.39	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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 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	
<b>At 1 January 2022</b>	206,658	(24,309)	6,932	11,575	155,083	355,939	14,057	369,996
Loss net of tax	-	-	-	-	(20,932)	(20,932)	86	(20,846)
Other comparative income	-	-	-	104	-	104	9	113
Total comprehensive income	-	-	-	104	(20,932)	(20,828)	95	(20,733)
<b>At 30 June 2022</b>	<u>206,658</u>	<u>(24,309)</u>	<u>6,932</u>	<u>11,679</u>	<u>134,151</u>	<u>335,111</u>	<u>14,152</u>	<u>349,263</u>
<b>At 1 January 2021</b>	206,658	(24,309)	6,810	8,437	194,969	392,565	17,547	410,112
Loss net of tax	-	-	-	-	(12,185)	(12,185)	123	(12,062)
Other comparative income	-	-	-	3,001	-	3,001	677	3,678
Total comprehensive income	-	-	-	3,001	(12,185)	(9,184)	800	(8,384)
<b>At 30 June 2021</b>	<u>206,658</u>	<u>(24,309)</u>	<u>6,810</u>	<u>11,438</u>	<u>182,784</u>	<u>383,381</u>	<u>18,347</u>	<u>401,728</u>

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

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2022****Condensed Consolidated Statement of Cash Flows**

	Note	6 months ended	
		30.06.2022	30.06.2021
		RM'000	RM'000
<b>Operating activities</b>			
Loss before tax		(20,222)	(11,804)
Adjustments for:			
Depreciation of investment properties		174	174
Depreciation of property, plant and equipment		6,191	7,700
Depreciation on right-of-use assets		4,510	5,141
Dividend income		(1)	(94)
Expected credit losses on receivables, net		(111)	(62)
(Gains)/losses on disposal of other investments		(12)	6
Gains on disposal of property, plant and equipment, net		(714)	(242)
Interest expense		1,191	938
Interest income		(75)	(96)
Inventories written off		164	30
Losses/(gains) on fair value changes, net		2,529	(368)
Property, plant and equipment written off		1	437
Unrealised losses/(gains) on foreign exchange, net		216	(142)
Write-down of inventories, net		78	115
Operating cash flows before changes in working capital		(6,081)	1,733
Changes in working capital:			
Increase in inventories		(1,841)	(7,053)
Decrease in receivables		3,738	11,145
Decrease in payables		(1,328)	(4,770)
Cash used in operations		(5,512)	(1,055)
Interest paid		(1,191)	(938)
Taxes paid, net of refund		(750)	(9,000)
Net cash flows used in operating activities carried forward		(7,453)	(8,883)



**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	Note	6 months ended	
		30.06.2022 RM'000	30.06.2021 RM'000
Net cash flows used in operating activities brought forward		(7,453)	(8,883)
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(6,532)	(6,243)
Interest received		75	96
Proceeds from disposal of other investments		6,000	5,024
Proceeds from disposal of property, plant and equipment		1,039	251
Placement in short-term deposits with maturity more than 3 months		-	(210)
Net cash flows generated from / (used in) investing activities		<u>582</u>	<u>(1,082)</u>
<b>Financing activities</b>			
Drawn down of trade facilities and hire purchase, net		1,863	5,964
Payment of principal portion of lease liabilities		(4,490)	(5,078)
Repayment of term loans		(1,802)	(1,666)
Net cash flows used in financing activities		<u>(4,428)</u>	<u>(780)</u>
<b>Net decrease in cash and cash equivalents</b>		(11,299)	(10,745)
<b>Net foreign exchange difference</b>		(340)	1,737
<b>Cash and cash equivalents at 1 January</b>		<u>47,047</u>	<u>65,233</u>
<b>Cash and cash equivalents at 30 June</b>	20	<u>35,408</u> =====	<u>56,225</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 six-month period ended 30 June 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:

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 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.

## **KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

### **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 June 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 June 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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	RM'000	RM'000
Sales of goods	167,221	174,923
Dividend income	1	94
	<u>167,222</u>	<u>175,017</u>
	=====	=====

**12. Loss before tax**

	<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	RM'000	RM'000
Profit for the six-month period is arrived at after charging/ (crediting):		
Depreciation of investment properties	174	174
Depreciation of property, plant and equipment	6,191	7,700
Depreciation on right-of-use assets	4,510	5,141
Dividend income	(1)	(94)
Expected credit losses on receivables, net	(111)	(62)
(Gains)/loss on disposal of other investments	(12)	6
Gains on disposal of property, plant and equipment, net	(714)	(242)
Interest expense	1,191	938
Interest income	(75)	(96)
Inventories written off	164	30
Losses/(gains) on fair value changes, net	2,529	(368)
Property, plant and equipment written off	1	437
Unrealised losses/(gains) on foreign exchange, net	216	(142)
Write-down of inventories, net	78	115
	<u>=====</u>	<u>=====</u>

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	405	188
Foreign tax	219	70
	<u>624</u>	<u>258</u>
Deferred income tax	-	-
	<u>-</u>	<u>-</u>
Income tax expense for the period	624	258
	<u>=====</u>	<u>=====</u>

The Group's effective tax rate for both current financial period ended 30 June 2022 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:

	<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(20,932)	(12,185)
	<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)	(14.93)	(8.69)
	<u>=====</u>	<u>=====</u>

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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 RM6,352,000 (30 June 2021: RM6,243,000)

The Group disposed of property, plant and equipment with carrying amount of RM325,000 (30 June 2021: RM9,000) during the first six-month period of the current financial year and resulting in gains on disposal of RM714,000 (30 June 2021: gains of RM242,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>30.06.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	34,889	38,716
Disposal	-	(4,160)
Translation differences	15	333
	<u>34,904</u>	<u>34,889</u>
At 30 June/31 December	34,904	34,889
<b>Accumulated depreciation</b>		
At 1 January	4,599	2,430
Charge for the period	174	349
Impairment	-	1,820
	<u>4,773</u>	<u>4,599</u>
At 30 June/31 December	4,773	4,599
<b>Net carrying amount</b>		
At 30 June/31 December	30,131	30,290
	=====	=====

**17. Intangible assets**

	<b>30.06.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Cost</b>		
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 June/31 December	27,386	27,386
<b>Accumulated impairment</b>		
At 30 June/31 December	(9,838)	(9,838)
	<u>          </u>	<u>          </u>
<b>Net carrying amount</b>		
At 30 June/31 December	17,548	17,548
	=====	=====

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

During the current financial period ended 30 June 2022, the Group recognised a write-down on inventories provided of RM78,000 (30 June 2021: a write-down of RM115,000). The provision/reversal was included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

**19. Derivative liabilities**

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 30 June 2022 are tabulated below:

	<b>Contract value RM'000</b>	<b>Fair value RM'000</b>	<b>Gain/(loss) on fair value RM'000</b>	<b>Reason for gain/(loss)</b>
Maturity within 1 year	5,285 =====	5,403 =====	(118) =====	Weakening of MYR

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

	<b>30.06.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
Cash on hand and at bank	35,819	47,415
Deposits with financial institutions	5,371	5,371
Cash and bank balances	41,190	52,786
Bank overdraft	(411)	(368)
Deposits with maturity more than 3 months	(5,371)	(5,371)
Cash and cash equivalents	35,408 =====	47,047 =====

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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:

	<b>30.06.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Current</b>		
Bank overdraft, unsecured	411	368
Trade facilities, unsecured	9,318	9,326
Hire purchase, secured	55	-
Term loans, secured	3,699	3,632
	<u>13,483</u>	<u>13,326</u>
<b>Non-current</b>		
Hire purchase, secured	97	-
Term loans, secured	10,150	10,326
	<u>10,247</u>	<u>10,326</u>
Total loans and borrowings	<u>23,730</u>	<u>23,652</u>
	=====	=====
<b>Changes in liabilities arising from financing activities</b>		
At 1 January	23,652	21,960
Drawn down of borrowings	1,863	4,955
Repayment of borrowings	(2,125)	(3,511)
Translation differences	340	248
	<u>23,730</u>	<u>23,652</u>
At 30 June/31 December	<u>23,730</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.

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

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



**PART A – Explanatory Notes Pursuant to MFRS 134****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:

	30.06.2022		31.12.2021	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial liabilities</b>				
Loans and borrowings	23,730	23,730	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.

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>30.06.2022</b>				
<b>Financial assets/(liabilities)</b>				
Other investments - unquoted unit trust	23,510	-	23,510	-
Derivative liabilities	(118)	-	(118)	-
	=====	=====	=====	=====
<b>31.12.2021</b>				
<b>Financial assets</b>				
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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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 six-month period ended 30 June 2022 and 30 June 2021:

	<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	998	998
Insurance commission earned as insurance agent	92	94
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	343	331
Directors' interest		
Renovation and maintenance costs	91	137
Purchase of ceramic tiles for resale	-	-
Sales of ceramic tiles	6	17
	=====	=====

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 30 June 2022 was as follows:

	<b>30.06.2022</b>	<b>31.12.2021</b>
	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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.06.2022</b>					
<i>Segment Revenue</i>					
Total sales	90,780	13,850	71,557	1,734	177,921
Inter-segment sales	(9,222)	(1,477)	-	-	(10,699)
	<u>81,558</u>	<u>12,373</u>	<u>71,557</u>	<u>1,734</u>	<u>167,222</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(13,936)	872	(5,805)	(162)	(19,031)
Finance cost	(368)	-	(823)	-	(1,191)
(Loss)/profit before tax	<u>(14,304)</u>	<u>872</u>	<u>(6,628)</u>	<u>(162)</u>	<u>(20,222)</u>
Income tax expense	(406)	(218)	-	-	(624)
(Loss)/profit for the period	<u>(14,710)</u>	<u>654</u>	<u>(6,628)</u>	<u>(162)</u>	<u>(20,846)</u>
Non-controlling interest	-	(135)	-	49	(86)
(Loss)/profit attributable to owners of the parent	<u>(14,710)</u>	<u>519</u>	<u>(6,628)</u>	<u>(113)</u>	<u>(20,932)</u>

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

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	278,037	72,980	145,936	3,257	500,210
Inter-segment assets	-	-	-	-	-
	<u>278,037</u>	<u>72,980</u>	<u>145,936</u>	<u>3,257</u>	<u>500,210</u>
<i>Segment Liabilities</i>					
Total liabilities	47,425	7,812	95,549	161	150,947
Inter-segment liabilities	-	-	-	-	-
	<u>47,425</u>	<u>7,812</u>	<u>95,549</u>	<u>161</u>	<u>150,947</u>

**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:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM’000	RM’000	RM’000	RM’000	RM’000
<b>30.06.2021</b>					
<i>Segment Revenue</i>					
Total sales	97,495	18,243	73,456	1,511	190,705
Inter-segment sales	(13,753)	(1,935)	-	-	(15,688)
	<u>83,742</u>	<u>16,308</u>	<u>73,456</u>	<u>1,511</u>	<u>175,017</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(8,478)	942	(3,145)	(185)	(10,866)
Finance cost	(547)	-	(391)	-	(938)
(Loss)/profit before tax	<u>(9,025)</u>	<u>942</u>	<u>(3,536)</u>	<u>(185)</u>	<u>(11,804)</u>
Income tax expense	(188)	(70)	-	-	(258)
(Loss)/profit for the period	<u>(9,213)</u>	<u>872</u>	<u>(3,536)</u>	<u>(185)</u>	<u>(12,062)</u>
Non-controlling interest	-	(179)	-	56	(123)
(Loss)/profit attributable to owners of the parent	<u>(9,213)</u>	<u>693</u>	<u>(3,536)</u>	<u>(129)</u>	<u>(12,185)</u>

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

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM’000	RM’000	RM’000	RM’000	RM’000
<i>Segment Assets</i>					
Total assets	308,629	93,915	128,011	3,366	533,921
Inter-segment assets	-	-	-	-	-
	<u>308,629</u>	<u>93,915</u>	<u>128,011</u>	<u>3,366</u>	<u>533,921</u>
<i>Segment Liabilities</i>					
Total liabilities	59,271	7,754	65,019	149	132,193
Inter-segment liabilities	-	-	-	-	-
	<u>59,271</u>	<u>7,754</u>	<u>65,019</u>	<u>149</u>	<u>132,193</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 declined to RM167.2 million from RM175.0 million, recorded in the preceding year's corresponding financial period ended 30 June 2021. The lower revenue for the current financial period was affected by lower sales in Malaysia, China and Australia markets.

The Group registered a loss before tax of RM20.2 million for the current financial period as compared to a loss before tax of RM11.8 million suffered in the preceding year's corresponding financial period due to lower revenue and higher production costs.

**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 RM86.3 million to RM80.9 million, mainly due to the slow-down in the Malaysian domestic markets as a result of the delay in construction projects aggravated by current shortage of foreign labour.

The Group recorded a loss before tax of RM15.1 million for the current financial quarter under review as compared to a loss before tax of RM5.1 million for the immediate preceding quarter, mainly due to lower revenue and higher production costs.

**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 and foreign exchange movement.

## **KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

### **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 24 August 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 June 2022 (30 June 2021: Nil).

#### **37. Disclosure of nature of outstanding derivatives**

Please refer to Note 19 for details.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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 June 2022 and 30 June 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 June 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.

	<b>As at 30.06.2022</b>	<b>As at 31.12.2021</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	122,890	141,091
- Unrealised	11,403	13,923
	<u>134,293</u>	<u>155,014</u>
Less: Consolidated adjustments	(142)	69
	<u>134,151</u>	<u>155,083</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**

25 August 2022