

KIM HIN INDUSTRY BERHAD
REGISTRATION No.:197301003569 (18203-V)

Interim Financial Report
31 March 2023

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the three-month period ended 31 March 2023

Index	Page
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 three-month period ended 31 March 2023**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
		31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Revenue	11	72,817	86,297	72,817	86,297
Cost of sales		(60,509)	(68,633)	(60,509)	(68,633)
Gross profit		12,308	17,664	12,308	17,664
Other income		2,109	4,453	2,109	4,453
Selling and distribution costs		(7,912)	(8,637)	(7,912)	(8,637)
Administrative expenses		(17,293)	(15,978)	(17,293)	(15,978)
Other expenses		(1,949)	(2,016)	(1,949)	(2,016)
Operating loss		(12,737)	(4,514)	(12,737)	(4,514)
Finance costs		(669)	(539)	(669)	(539)
Loss before tax	12	(13,406)	(5,053)	(13,406)	(5,053)
Income tax expense	13	(212)	(293)	(212)	(293)
Loss for the period		(13,618)	(5,346)	(13,618)	(5,346)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		513	907	513	907
Other comprehensive income for the period, net of tax		513	907	513	907
Total comprehensive income for the period		(13,105)	(4,439)	(13,105)	(4,439)

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the three-month period ended 31 March 2023**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

		Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Note	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Loss attributable to:					
Owners of the Company		(13,236)	(5,352)	(13,236)	(5,352)
Non-controlling interests		(382)	6	(382)	6
		<u>(13,618)</u>	<u>(5,346)</u>	<u>(13,618)</u>	<u>(5,346)</u>
		=====	=====	=====	=====
Total comprehensive income attributable to:					
Owners of the Company		(12,825)	(4,546)	(12,825)	(4,546)
Non-controlling interests		(280)	107	(280)	107
		<u>(13,105)</u>	<u>(4,439)</u>	<u>(13,105)</u>	<u>(4,439)</u>
		=====	=====	=====	=====
Loss per share attributable to owners of the Company:					
- Loss per share for the period (basic/diluted) (sen)	14	(9.44)	(3.82)	(9.44)	(3.82)
		=====	=====	=====	=====

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 three-month period ended 31 March 2023**Condensed Consolidated Statement of Financial Position**

		31.03.2023	31.12.2022
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	121,951	122,383
Right-of-use assets		67,082	70,151
Investment properties	16	29,472	29,574
Other investments		17,112	23,719
Intangible assets	17	17,548	17,548
Deferred tax assets		5,835	5,888
		<hr/>	<hr/>
		259,000	269,263
Current assets			
Inventories	18	109,367	123,167
Trade and other receivables		55,172	57,680
Other current assets		2,531	2,506
Tax recoverable		351	966
Cash and bank balances	19	35,040	30,675
		<hr/>	<hr/>
		202,461	214,994
		<hr/>	<hr/>
TOTAL ASSETS		461,461	484,257
		=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the three-month period ended 31 March 2023**Condensed Consolidated Statement of Financial Position (contd.)**

		31.03.2023	31.12.2022
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	20	13,628	14,680
Derivative liabilities	21	16	5
Trade and other payables		68,101	72,201
Provisions		4,020	4,463
Lease liabilities		9,246	9,373
Tax payable		799	1,191
		<hr/>	<hr/>
		95,810	101,913
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	20	7,275	8,159
Deferred tax liabilities		4,774	4,774
Provisions		300	303
Lease liabilities		24,551	27,252
		<hr/>	<hr/>
		36,900	40,488
		<hr/>	<hr/>
TOTAL LIABILITIES		132,710	142,401
		<hr/>	<hr/>
Equity			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		17,777	17,366
Retained earnings		115,858	129,094
		<hr/>	<hr/>
		315,984	328,809
Non-controlling interests		12,767	13,047
		<hr/>	<hr/>
TOTAL EQUITY		328,751	341,856
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		461,461	484,257
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.25	2.34
		<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 three-month period ended 31 March 2023**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 2023	206,658	(24,309)	7,015	10,351	129,094	328,809	13,047	341,856
Loss net of tax	-	-	-	-	(13,236)	(13,236)	(382)	(13,618)
Other comparative income	-	-	-	411	-	411	102	513
Total comprehensive income	-	-	-	411	(13,236)	(12,825)	(280)	(13,105)
At 31 March 2023	<u>206,658</u>	<u>(24,309)</u>	<u>7,015</u>	<u>10,762</u>	<u>115,858</u>	<u>315,984</u>	<u>12,767</u>	<u>328,751</u>
At 1 January 2022	206,658	(24,309)	6,932	11,575	155,083	355,939	14,057	369,996
Loss net of tax	-	-	-	-	(5,352)	(5,352)	6	(5,346)
Other comparative income	-	-	-	806	-	806	101	907
Total comprehensive income	-	-	-	806	(5,352)	(4,546)	107	(4,439)
At 31 March 2022	<u>206,658</u>	<u>(24,309)</u>	<u>6,932</u>	<u>12,381</u>	<u>149,731</u>	<u>351,393</u>	<u>14,164</u>	<u>365,557</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 three-month period ended 31 March 2023**Condensed Consolidated Statement of Cash Flows**

	Note	3 months ended	
		31.03.2023 RM'000	31.03.2022 RM'000
Operating activities			
Loss before tax		(13,406)	(5,053)
Adjustments for:			
Depreciation of investment properties		87	87
Depreciation of property, plant and equipment		3,050	3,119
Depreciation on right-of-use assets		2,892	1,800
Dividend income		(1)	(1)
Expected credit losses on receivables, net		(46)	7
Gains on disposal of property, plant and equipment, net		(50)	(685)
(Gains)/loss on disposal of other investments		(265)	10
(Gains)/loss on fair value changes, net		(17)	995
Gains on lease modification		(2)	-
Interest expense		669	539
Interest income		(57)	(66)
Inventories written off		6	17
Unrealised loss/(gains) on foreign exchange, net		164	(1,149)
Write-down of inventories, net		673	872
Operating cash flows before changes in working capital		(6,303)	492
Changes in working capital:			
Decrease in inventories		12,529	174
Decrease / (increase) in receivables		3,193	(5,952)
Decrease in payables		(4,381)	(3,468)
Cash generated from / (used in) operations		5,038	(8,754)
Interest paid		(669)	(539)
Taxes paid, net of refund		4	(248)
Net cash flows generated from / (used in) operating activities carried forward		4,373	(9,541)

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the three-month period ended 31 March 2023**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	3 months ended	
		31.03.2023 RM'000	31.03.2022 RM'000
Net cash flows generated from / (used in) operating activities brought forward		4,373	(9,541)
Investing activities			
Acquisition of property, plant and equipment		(2,561)	(2,695)
Interest received		57	66
Proceeds from disposal of other investments		6,900	6,000
Proceeds from disposal of property, plant and equipment		56	1,010
Placement in short-term deposits with maturity more than 3 months		811	(48)
Net cash flows generated from investing activities		<u>5,263</u>	<u>4,333</u>
Financing activities			
Repayment of trade facilities and hire purchase, net		(228)	(93)
Payment of principal portion of lease liabilities		(2,726)	(1,107)
Repayment of term loans		(1,134)	(899)
Net cash flows used in financing activities		<u>(4,088)</u>	<u>(2,099)</u>
Net increase / (decrease) in cash and cash equivalents		5,616	(7,307)
Net foreign exchange difference		17	508
Cash and cash equivalents at 1 January		<u>27,553</u>	<u>47,047</u>
Cash and cash equivalents at 31 March	20	<u>33,186</u> =====	<u>40,248</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 2023 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 2022. 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 2022.

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 2022, except for the adoption of the following standards and amended MFRSs (collectively referred to as “pronouncements”) with effect from 1 January 2023:

	Effective for annual periods beginning on or after
Amendments to MFRS 101 and Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 quarter ended 31 March 2023.

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 2023.

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 2022.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Sales of goods	72,816	86,296
Dividend income	1	1
	<u>72,817</u>	<u>86,297</u>
	=====	=====

12. Loss before tax

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Loss before tax for the three-month period is arrived at after charging/(crediting):		
Depreciation of investment properties	87	87
Depreciation of property, plant and equipment	3,050	3,119
Depreciation on right-of-use assets	2,892	1,800
Dividend income	(1)	(1)
Expected credit losses on receivables, net	(46)	7
Gains on disposal of property, plant and equipment, net	(50)	(685)
(Gains)/loss on disposal of other investments	(265)	10
(Gains)/losses on fair value changes, net	(17)	995
Gains on lease modification	(2)	-
Interest expense	669	539
Interest income	(57)	(66)
Inventories written off	6	17
Unrealised loss/(gains) on foreign exchange, net	164	(1,149)
Write-down of inventories, net	673	872
	<u>=====</u>	<u>=====</u>

13. Income tax expense

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Current income tax:		
Malaysian income tax	96	236
Foreign tax	-	57
Under provision in prior year – foreign tax	116	-
	<u>212</u>	<u>293</u>
	=====	=====

The Group's effective tax rate for both current financial quarter ended 31 March 2023 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.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

PART A – Explanatory Notes Pursuant to MFRS 134**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	
	31.03.2023	31.03.2022
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(13,236)	(5,352)
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
Weighted average number of ordinary shares in issue ('000)	140,239	140,239
Basic loss per share (sen)	(9.44)	(3.82)
	=====	=====

15. Property, plant and equipment

During the current financial quarter, the Group acquired property, plant and equipment at a cost of RM2,561,000 (31 March 2022: RM2,695,000)

The Group disposed of property, plant and equipment with carrying amount of RM6,000 (31 March 2022: RM325,000) during the current financial year and resulting in gains on disposal of RM50,000 (31 March 2022: gains of RM685,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

PART A – Explanatory Notes Pursuant to MFRS 134**16. Investment properties**

	31.03.2023	31.12.2022
	RM'000	RM'000
Cost		
At 1 January	34,514	34,889
Translation differences	(38)	(375)
	<u>34,476</u>	<u>34,514</u>
At 31 March/31 December	34,476	34,514
Accumulated depreciation		
At 1 January	4,940	4,599
Charge for the period	87	349
Impairment	-	17
Translation difference	(23)	(25)
	<u>5,004</u>	<u>4,940</u>
At 31 March/31 December	5,004	4,940
Net carrying amount		
At 31 March/31 December	<u>29,472</u>	<u>29,574</u>

17. Intangible assets

	31.03.2023	31.12.2022
	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 31 March/31 December	27,386	27,386
Accumulated impairment		
At 31 March/31 December	(9,838)	(9,838)
Net carrying amount		
At 31 March/31 December	<u>17,548</u>	<u>17,548</u>

18. Inventories

During the current financial quarter ended 31 March 2023, the Group recognised a write-down on inventories provided of RM673,000 (31 March 2022: a write-down of RM872,000). The provision was included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

PART A – Explanatory Notes Pursuant to MFRS 134**19. Cash and cash equivalents**

Cash and cash equivalents comprised the following amounts:

	31.03.2023	31.12.2022
	RM'000	RM'000
Cash on hand and at bank	33,186	28,011
Deposits with financial institutions	1,854	2,664
	<u>35,040</u>	<u>30,675</u>
Cash and bank balances	35,040	30,675
Bank overdraft	-	(458)
Deposits with maturity more than 3 months	(1,854)	(2,664)
	<u>33,186</u>	<u>27,553</u>
Cash and cash equivalents	<u><u>33,186</u></u>	<u><u>27,553</u></u>

20. Loans and Borrowings

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

	31.03.2023	31.12.2022
	RM'000	RM'000
Current		
Bank overdraft, unsecured	-	458
Trade facilities, unsecured	10,354	10,047
Hire purchase, unsecured	82	80
Term loans, secured	3,192	4,095
	<u>13,628</u>	<u>14,680</u>
Non-current		
Trade facilities, unsecured	524	552
Hire purchase, unsecured	137	159
Term loans, secured	6,614	7,448
	<u>7,275</u>	<u>8,159</u>
Total loans and borrowings	<u><u>20,903</u></u>	<u><u>22,839</u></u>
Changes in liabilities arising from financing activities		
At 1 January	22,839	23,652
Drawn down of borrowings	-	2,722
Repayment of borrowings	(1,382)	(3,703)
Translation differences	(554)	168
	<u>20,903</u>	<u>22,839</u>
At 31 March/31 December	<u><u>20,903</u></u>	<u><u>22,839</u></u>

PART A – Explanatory Notes Pursuant to MFRS 134**21. 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 31 March 2023 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	1,736 =====	1,752 =====	(16) =====	Weakening of MYR

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.

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 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 2022: 155,616,013) issued and fully paid ordinary shares as at 31 March 2023, 15,376,900 (31 March 2022: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 March 2023, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 March 2022: 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:

	31.03.2023		31.12.2022	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	20,903	20,903	22,839	22,839

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
31.03.2023				
Financial assets/(liabilities)				
Other investments - unquoted unit trust	17,112	-	17,112	-
Derivative liabilities	(16)	-	(16)	-
31.12.2022				
Financial assets/(liabilities)				
Other investments - unquoted unit trusts	23,719	-	23,719	-
Derivative liabilities	(5)	-	(5)	-

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 three-month period ended 31 March 2023 and 31 March 2022:

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	499	499
Insurance commission earned as insurance agent	79	91
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	139	184
Directors' interest		
Renovation and maintenance costs	3	67
Sales of ceramic tiles	-	1
	=====	=====

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 2023 was as follows:

	31.03.2023	31.12.2022
	RM'000	RM'000
Authorised and contracted for	-	-
Authorised but not contracted for	413	431
	=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

PART A – Explanatory Notes Pursuant to MFRS 134**26. 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
31.03.2023					
<i>Segment Revenue</i>					
Total sales	41,277	4,187	31,397	328	77,189
Inter-segment sales	(3,817)	(555)	-	-	(4,372)
	<u>37,460</u>	<u>3,632</u>	<u>31,397</u>	<u>328</u>	<u>72,817</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating loss	(9,372)	(1,362)	(1,741)	(262)	(12,737)
Finance cost	(206)	-	(463)	-	(669)
	<u>(9,578)</u>	<u>(1,362)</u>	<u>(2,204)</u>	<u>(262)</u>	<u>(13,406)</u>
Income tax expense	(95)	(117)	-	-	(212)
	<u>(9,673)</u>	<u>(1,479)</u>	<u>(2,204)</u>	<u>(262)</u>	<u>(13,618)</u>
Non-controlling interest	-	303	-	79	382
	<u>(9,673)</u>	<u>(1,176)</u>	<u>(2,204)</u>	<u>(183)</u>	<u>(13,236)</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2023:

	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	264,758	66,039	127,772	2,892	461,461
Inter-segment assets	-	-	-	-	-
	<u>264,758</u>	<u>66,039</u>	<u>127,772</u>	<u>2,892</u>	<u>461,461</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	41,614	6,775	84,127	194	132,710
Inter-segment liabilities	-	-	-	-	-
	<u>41,614</u>	<u>6,775</u>	<u>84,127</u>	<u>194</u>	<u>132,710</u>
	=====	=====	=====	=====	=====

PART A – Explanatory Notes Pursuant to MFRS 134

26. 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 RM’000	China Operation RM’000	Australia Operation RM’000	Vietnam Operation RM’000	Total RM’000
31.03.2022					
<i>Segment Revenue</i>					
Total sales	51,842	7,232	33,406	545	93,025
Inter-segment sales	(5,486)	(1,242)	-	-	(6,728)
	<u>46,356</u>	<u>5,990</u>	<u>33,406</u>	<u>545</u>	<u>86,297</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(1,843)	297	(2,825)	(143)	(4,514)
Finance cost	(194)	-	(345)	-	(539)
(Loss)/profit before tax	<u>(2,037)</u>	<u>297</u>	<u>(3,170)</u>	<u>(143)</u>	<u>(5,053)</u>
Income tax expense	(236)	(57)	-	-	(293)
(Loss)/profit for the period	<u>(2,273)</u>	<u>240</u>	<u>(3,170)</u>	<u>(143)</u>	<u>(5,346)</u>
Non-controlling interest	-	(49)	-	43	(6)
(Loss)/profit attributable to owners of the parent	<u>(2,273)</u>	<u>191</u>	<u>(3,170)</u>	<u>(100)</u>	<u>(5,352)</u>

The following table presents segment assets and liabilities of the Group’s operating segments as at 31 March 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	293,399	72,599	151,313	2,836	520,147
Inter-segment assets	-	-	-	-	-
	<u>293,399</u>	<u>72,599</u>	<u>151,313</u>	<u>2,836</u>	<u>520,147</u>
<i>Segment Liabilities</i>					
Total liabilities	51,524	8,089	94,850	127	154,590
Inter-segment liabilities	-	-	-	-	-
	<u>51,524</u>	<u>8,089</u>	<u>94,850</u>	<u>127</u>	<u>154,590</u>

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

27. Performance review

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

Revenue of the Group for the current financial quarter declined to RM72.8 million from RM86.3 million, recorded in the preceding year's corresponding financial quarter ended 31 March 2022. The lower revenue for the current financial quarter was mainly due to the slow-down in domestic markets of all geographical segments in which the Group operates.

The Group registered a loss before tax of RM13.4 million for the current financial quarter as compared to a loss before tax of RM5.1 million suffered in the preceding year's corresponding financial quarter due to lower revenue, and exacerbated by higher energy and other costs. In particular, the liquefied natural gas and electricity charges have increased by 47% and 42% respectively for the Group's manufacturing facility in West Malaysia.

28. 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 RM84.4 million to RM72.8 million, mainly due to seasonal factors as disclosed in Note 3, which normally affects sales in the first quarter, beside the slow-down in domestic markets of all geographical segments in which the Group operates.

The Group recorded a loss before tax of RM13.4 million for the current financial quarter under review as compared to a loss before tax of RM7.6 million for the immediate preceding quarter, mainly due to lower revenue and higher fuel costs.

29. 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, fluctuations in main operating costs and foreign exchange movement, beside the impact of influx of imported tiles into domestic markets.

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

30. 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.

31. 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.

32. 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.

33. Status of corporate proposals

There were no corporate proposals announced but not completed as at 23 May 2023.

34. 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.

35. Dividend payable

No interim dividend has been declared for the financial quarter ended 31 March 2023 (31 March 2022: Nil).

36. Disclosure of nature of outstanding derivatives

Please refer to Note 21 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**37. 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 2023 and 31 March 2022.

38. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

39. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 March 2023 and 31 December 2022, 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 31.03.2023	As at 31.12.2022
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	108,246	117,695
- Unrealised	7,656	10,966
	<hr/>	<hr/>
	115,902	128,661
Less: Consolidated adjustments	(44)	433
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	115,858	129,094
	=====	=====

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 May 2023