

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

Interim Financial Report
30 June 2023

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the six-month period ended 30 June 2023

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KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the six-month period ended 30 June 2023**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue	11	78,486	80,925	151,303	167,222
Cost of sales		(60,826)	(68,045)	(121,335)	(136,678)
Gross profit		17,660	12,880	29,968	30,544
Other income		5,602	2,164	7,711	6,617
Selling and distribution costs		(7,984)	(10,005)	(15,896)	(18,642)
Administrative expenses		(17,373)	(17,722)	(34,666)	(33,700)
Other expenses		1,203	(1,834)	(746)	(3,850)
Operating loss		(892)	(14,517)	(13,629)	(19,031)
Finance costs		(592)	(652)	(1,261)	(1,191)
Loss before tax	12	(1,484)	(15,169)	(14,890)	(20,222)
Income tax expense	13	(174)	(331)	(386)	(624)
Loss for the period		(1,658)	(15,500)	(15,276)	(20,846)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		76	(794)	589	113
Other comprehensive income for the period, net of tax		76	(794)	589	113
Total comprehensive income for the period		(1,582)	(16,294)	(14,687)	(20,733)

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Interim report for the six-month period ended 30 June 2023**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

		Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Note	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Loss attributable to:					
Owners of the Company		(1,873)	(15,580)	(15,109)	(20,932)
Non-controlling interests		215	80	(167)	86
		<u>(1,658)</u>	<u>(15,500)</u>	<u>(15,276)</u>	<u>(20,846)</u>
		=====	=====	=====	=====
Total comprehensive income attributable to:					
Owners of the Company		(1,843)	(16,282)	(14,668)	(20,828)
Non-controlling interests		261	(12)	(19)	95
		<u>(1,582)</u>	<u>(16,294)</u>	<u>(14,687)</u>	<u>(20,733)</u>
		=====	=====	=====	=====
Loss per share attributable to owners of the Company:					
- Loss per share for the period (basic/diluted) (sen)	14	(1.33)	(11.11)	(10.77)	(14.93)
		=====	=====	=====	=====

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 six-month period ended 30 June 2023**Condensed Consolidated Statement of Financial Position**

		30.06.2023	31.12.2022
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	121,570	122,383
Right-of-use assets		65,711	70,151
Investment properties	16	29,797	29,574
Other investments		17,516	23,719
Intangible assets	17	17,548	17,548
Deferred tax assets		6,001	5,888
		<hr/>	<hr/>
		258,143	269,263
Current assets			
Inventories	18	107,952	123,167
Trade and other receivables		54,300	57,680
Other current assets		3,185	2,506
Tax recoverable		352	966
Cash and bank balances	19	30,577	30,675
		<hr/>	<hr/>
		196,366	214,994
		<hr/>	<hr/>
TOTAL ASSETS		454,509	484,257
		=====	=====

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Interim report for the six-month period ended 30 June 2023**Condensed Consolidated Statement of Financial Position (contd.)**

		30.06.2023	31.12.2022
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	20	10,747	14,680
Derivative liabilities	21	64	5
Trade and other payables		66,484	72,201
Provisions		4,518	4,463
Lease liabilities		9,626	9,373
Tax payable		555	1,191
		<hr/>	<hr/>
		91,994	101,913
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	20	6,938	8,159
Deferred tax liabilities		4,774	4,774
Provisions		258	303
Lease liabilities		23,376	27,252
		<hr/>	<hr/>
		35,346	40,488
		<hr/>	<hr/>
TOTAL LIABILITIES		127,340	142,401
		<hr/>	<hr/>
Equity			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		17,807	17,366
Retained earnings		113,985	129,094
		<hr/>	<hr/>
		314,141	328,809
Non-controlling interests		13,028	13,047
		<hr/>	<hr/>
TOTAL EQUITY		327,169	341,856
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		454,509	484,257
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.24	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.

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Interim report for the six-month period ended 30 June 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	-	-	-	-	(15,109)	(15,109)	(167)	(15,276)
Other comparative income	-	-	-	441	-	441	148	589
Total comprehensive income	-	-	-	441	(15,109)	(14,668)	(19)	(14,687)
At 30 June 2023	<u>206,658</u>	<u>(24,309)</u>	<u>7,015</u>	<u>10,792</u>	<u>113,985</u>	<u>314,141</u>	<u>13,028</u>	<u>327,169</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	-	-	-	-	(20,932)	(20,932)	86	(20,846)
Other comparative income	-	-	-	104	-	104	9	113
Total comprehensive income	-	-	-	11,679	(20,932)	(20,828)	95	(20,733)
At 30 June 2022	<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>

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 six-month period ended 30 June 2023**Condensed Consolidated Statement of Cash Flows**

	Note	6 months ended	
		30.06.2023	30.06.2022
		RM'000	RM'000
Operating activities			
Loss before tax		(14,890)	(20,222)
Adjustments for:			
Depreciation of investment properties		174	174
Depreciation of property, plant and equipment		6,478	6,191
Depreciation on right-of-use assets		5,572	4,510
Dividend income		(2)	(1)
Expected credit losses on receivables, net		(70)	(111)
(Gains)/losses on fair value changes, net		(372)	2,529
Gains on disposal of other investments		(265)	(12)
Gains on disposal of property, plant and equipment, net		(210)	(714)
Gain on lease modification		(2)	-
Interest expense		1,261	1,191
Interest income		(74)	(75)
Inventories written off		17	164
Property, plant and equipment written off		-	1
Unrealised (gains)/losses on foreign exchange, net		(1,971)	216
Write-down of inventories, net		278	78
Operating cash flows before changes in working capital		(4,076)	(6,081)
Changes in working capital:			
Decrease/(increase) in inventories		16,564	(1,841)
Decrease in receivables		4,069	3,738
Decrease in payables		(7,247)	(1,328)
Cash from/(used in) operations		9,310	(5,512)
Interest paid		(1,261)	(1,191)
Taxes paid, net of refund		(337)	(750)
Net cash flows from/(used in) operating activities carried forward		7,712	(7,453)

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Interim report for the six-month period ended 30 June 2023**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	6 months ended	
		30.06.2023 RM'000	31.03.2022 RM'000
Net cash flows from/(used in) operating activities brought forward		7,712	(7,453)
Investing activities			
Acquisition of property, plant and equipment		(4,596)	(6,532)
Interest received		74	75
Proceeds from disposal of other investments		6,900	6,000
Proceeds from disposal of property, plant and equipment		223	1,039
Placement in short-term deposits with maturity more than 3 months		709	-
Net cash flows generated from investing activities		<u>3,310</u>	<u>582</u>
Financing activities			
Drawn down of trade facilities and hire purchase, net		(2,801)	1,864
Payment of principal portion of lease liabilities		(5,066)	(4,490)
Repayment of term loans		(2,198)	(1,802)
Net cash flows used in financing activities		<u>(10,065)</u>	<u>(4,428)</u>
Net increase/(decrease) in cash and cash equivalents		957	(11,299)
Net foreign exchange difference		112	(340)
Cash and cash equivalents at 1 January		<u>27,553</u>	<u>47,047</u>
Cash and cash equivalents at 30 June	20	<u>28,622</u> =====	<u>35,408</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 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.

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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 June 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 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 2023.

8. Material subsequent events

There were no material event 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 2022.

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

	6 months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Sales of goods	151,301	167,221
Dividend income	2	1
	<u>151,303</u>	<u>167,222</u>
	=====	=====

12. Loss before tax

	6 months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Loss before tax for the six-month period is arrived at after charging/(crediting):		
Depreciation of investment properties	174	174
Depreciation of property, plant and equipment	6,478	6,191
Depreciation on right-of-use assets	5,572	4,510
Dividend income	(2)	(1)
Expected credit losses on receivables, net	(70)	(111)
Gains on disposal of other investments	(265)	(12)
Gains on disposal of property, plant and equipment, net	(210)	(714)
Gain on lease modification	(2)	-
Interest expense	1,261	1,191
Interest income	(74)	(75)
Inventories written off	17	164
(Gains)/losses on fair value changes, net	(372)	2,529
Property, plant and equipment written off	-	1
Unrealised (gains)/losses on foreign exchange, net	(1,971)	216
Write-down of inventories, net	278	78
	<u>=====</u>	<u>=====</u>

13. Income tax expense

	6 months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Current income tax:		
Malaysian income tax	186	405
Foreign tax	117	219
	<u>303</u>	<u>624</u>
Deferred income tax	83	-
Income tax expense for the period	<u>386</u>	<u>624</u>
	=====	=====

The Group's effective tax rate for both current financial period ended 30 June 2023 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.

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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:

	6 months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(15,109)	(20,932)
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)	(10.77)	(14.93)

15. Property, plant and equipment

During the current financial period, the Group acquired property, plant and equipment at a cost of RM4,596,000 (30 June 2022: RM6,352,000)

The Group disposed of property, plant and equipment with carrying amount of RM13,000 (30 June 2022: RM325,000) during the current financial year and resulting in gains on disposal of RM210,000 (30 June 2022: gains of RM714,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

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

	30.06.2023	31.12.2022
	RM'000	RM'000
Cost		
At 1 January	34,514	34,889
Translation differences	471	(375)
	<u>34,985</u>	<u>34,514</u>
At 30 June/31 December	<u>34,985</u>	<u>34,514</u>
Accumulated depreciation		
At 1 January	4,940	4,599
Charge for the period	174	349
Impairment	-	17
Translation difference	74	(25)
	<u>5,188</u>	<u>4,940</u>
At 30 June/31 December	<u>5,188</u>	<u>4,940</u>
Net carrying amount		
At 30 June/31 December	<u>29,797</u>	<u>29,574</u>
	=====	=====

17. Intangible assets

	30.06.2023	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 30 June/31 December	<u>27,386</u>	<u>27,386</u>
Accumulated impairment		
At 30 June/31 December	(9,838)	(9,838)
	<u>17,548</u>	<u>17,548</u>
Net carrying amount		
At 30 June/31 December	<u>17,548</u>	<u>17,548</u>
	=====	=====

18. Inventories

During the current financial period ended 30 June 2023, the Group recognised a write-down on inventories provided of RM278,000 (30 June 2022: a write-down of RM78,000). The provision was included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

PART A – Explanatory Notes Pursuant to MFRS 134

19. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	30.06.2023	31.12.2022
	RM'000	RM'000
Cash on hand and at bank	28,622	28,011
Deposits with financial institutions	1,955	2,664
	<u>30,577</u>	<u>30,675</u>
Cash and bank balances	30,577	30,675
Bank overdraft	-	(458)
Deposits with maturity more than 3 months	(1,955)	(2,664)
	<u>28,622</u>	<u>27,553</u>
Cash and cash equivalents	<u>28,622</u>	<u>27,553</u>

20. Loans and Borrowings

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

	30.06.2023	31.12.2022
	RM'000	RM'000
Current		
Bank overdraft, unsecured	-	458
Trade facilities, unsecured	7,853	10,047
Hire purchase, unsecured	82	80
Term loans, secured	2,812	4,095
	<u>10,747</u>	<u>14,680</u>
Non-current		
Trade facilities, unsecured	553	552
Hire purchase, unsecured	117	159
Term loans, secured	6,268	7,448
	<u>6,938</u>	<u>8,159</u>
Total loans and borrowings	<u>17,685</u>	<u>22,839</u>
	<u>17,685</u>	<u>22,839</u>
Changes in liabilities arising from financing activities		
At 1 January	22,839	23,652
Drawn down of borrowings	-	2,722
Repayment of borrowings	(4,999)	(3,703)
Translation differences	(155)	168
	<u>17,685</u>	<u>22,839</u>
At 31 March/31 December	<u>17,685</u>	<u>22,839</u>

PART A – Explanatory Notes Pursuant to MFRS 134**21. 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 June 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	1,946 =====	2,010 =====	(64) =====	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.

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 2022: 155,616,013) issued and fully paid ordinary shares as at 30 June 2023, 15,376,900 (30 June 2022: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 June 2023, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 June 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:

	30.06.2023		31.12.2022	
	Carrying Amount RM’000	Fair Value RM’000	Carrying Amount RM’000	Fair Value RM’000
Financial liabilities				
Loans and borrowings	17,685	17,685	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
30.06.2023				
Financial assets/(liabilities)				
Other investments - unquoted unit trust	17,516	-	17,516	-
Derivative liabilities	(64)	-	(64)	-
	=====	=====	=====	=====
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 six-month period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

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

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2023 and 30 June 2022:

	6 months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	998	998
Insurance commission earned as insurance agent	81	92
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	296	343
Directors' interest		
Renovation and maintenance costs	109	91
Sales of ceramic tiles	11	6
	=====	=====

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 2023 was as follows:

	30.06.2023	31.12.2022
	RM'000	RM'000
Authorised and contracted for	-	-
Authorised but not contracted for	413	431
	=====	=====

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 period is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.06.2023					
<i>Segment Revenue</i>					
Total sales	85,663	10,552	64,476	788	161,479
Inter-segment sales	(8,689)	(1,487)	-	-	(10,176)
	<u>76,974</u>	<u>9,065</u>	<u>64,476</u>	<u>788</u>	<u>151,303</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating (loss)/profit	(9,895)	45	(3,272)	(507)	(13,629)
Finance cost	(379)	-	(882)	-	(1,261)
	<u>(10,274)</u>	<u>45</u>	<u>(4,154)</u>	<u>(507)</u>	<u>(14,890)</u>
(Loss)/profit before tax	(10,274)	45	(4,154)	(507)	(14,890)
Income tax expense	(186)	(117)	(83)	-	(386)
	<u>(10,460)</u>	<u>(72)</u>	<u>(4,237)</u>	<u>(507)</u>	<u>(15,276)</u>
Loss for the period	(10,460)	(72)	(4,237)	(507)	(15,276)
Non-controlling interest	-	15	-	152	167
	<u>-</u>	<u>15</u>	<u>-</u>	<u>152</u>	<u>167</u>
	=====	=====	=====	=====	=====
Loss attributable to owners of the parent	(10,460)	(57)	(4,237)	(355)	(15,109)
	<u>(10,460)</u>	<u>(57)</u>	<u>(4,237)</u>	<u>(355)</u>	<u>(15,109)</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 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	262,198	66,127	123,137	3,047	454,509
Inter-segment assets	-	-	-	-	-
	<u>262,198</u>	<u>66,127</u>	<u>123,137</u>	<u>3,047</u>	<u>454,509</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	42,808	5,881	78,371	280	127,340
Inter-segment liabilities	-	-	-	-	-
	<u>42,808</u>	<u>5,881</u>	<u>78,371</u>	<u>280</u>	<u>127,340</u>
	=====	=====	=====	=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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 period is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.06.2022					
<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)
	<u>(14,304)</u>	<u>872</u>	<u>(6,628)</u>	<u>(162)</u>	<u>(20,222)</u>
(Loss)/profit before tax	(14,304)	872	(6,628)	(162)	(20,222)
Income tax expense	(406)	(218)	-	-	(624)
	<u>(14,710)</u>	<u>654</u>	<u>(6,628)</u>	<u>(162)</u>	<u>(20,846)</u>
(Loss)/profit for the period	(14,710)	654	(6,628)	(162)	(20,846)
Non-controlling interest	-	(134)	-	49	(85)
	<u>(14,710)</u>	<u>520</u>	<u>(6,628)</u>	<u>(113)</u>	<u>(20,931)</u>
	=====	=====	=====	=====	=====
(Loss)/profit attributable to owners of the parent	(14,710)	520	(6,628)	(113)	(20,931)
	=====	=====	=====	=====	=====

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

	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	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	47,424	7,812	95,549	161	150,946
Inter-segment liabilities	-	-	-	-	-
	<u>47,424</u>	<u>7,812</u>	<u>95,549</u>	<u>161</u>	<u>150,946</u>
	=====	=====	=====	=====	=====

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

27. Performance review

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

Revenue of the Group for the current financial period declined to RM151.3 million from RM167.2 million, recorded in the preceding year's corresponding financial period ended 30 June 2022. The lower revenue for the current financial period 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 RM14.9 million for the current financial period as compared to a loss before tax of RM20.2 million suffered in the preceding year's corresponding financial period mainly due to betterment in costs management.

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 increased from RM72.8 million to RM78.5 million, mainly due to seasonal factors as disclosed in Note 3, which normally affects sales in the first quarter.

The Group recorded a loss before tax of RM1.5 million for the current financial quarter under review as compared to a loss before tax of RM13.4 million for the immediate preceding quarter, mainly due to higher revenue, betterment in costs management and favorable foreign exchange movement.

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

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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 27 August 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 period ended 30 June 2023 (30 June 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 30 June 2023 and 30 June 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 30 June 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 30.06.2023	As at 31.12.2022
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	105,848	117,695
- Unrealised	8,177	10,966
	<hr/>	<hr/>
	114,025	128,661
Less: Consolidated adjustments	(40)	433
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	113,985	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

28 August 2023