

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

**Interim Financial Report**  
30 September 2023

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim Financial Report for the nine-month period ended 30 September 2023**

<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 - 22

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<b>Revenue</b>	11	78,641	88,333	229,944	255,555
Cost of sales		(60,125)	(67,960)	(181,460)	(204,638)
<b>Gross profit</b>		18,516	20,373	48,484	50,917
Other income		8,807	2,824	16,518	9,441
Selling and distribution costs		(7,825)	(9,016)	(23,721)	(27,658)
Administrative expenses		(17,714)	(17,873)	(52,380)	(51,573)
Other expenses		(475)	(2,144)	(1,221)	(5,994)
<b>Operating profit/(loss)</b>		1,309	(5,836)	(12,320)	(24,867)
Finance costs		(564)	(673)	(1,825)	(1,864)
<b>Profit/(loss) before tax</b>	12	745	(6,509)	(14,145)	(26,731)
Income tax expense	13	(218)	(167)	(604)	(791)
<b>Profit/(loss) for the period</b>		527	(6,676)	(14,749)	(27,522)
<b>Other comprehensive income:</b>					
Other comprehensive (loss)/income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(12)	(652)	577	(539)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		(12)	(652)	577	(539)
<b>Total comprehensive income/(loss) for the period</b>		515	(7,328)	(14,172)	(28,061)

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

		Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	Note	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<b>Profit/(loss) attributable to:</b>					
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		922	(6,749)	(14,187)	(27,681)
Non-controlling interests		(395)	73	(562)	159
		<u>527</u>	<u>(6,676)</u>	<u>(14,749)</u>	<u>(27,522)</u>
		=====	=====	=====	=====
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		935	(7,280)	(13,733)	(28,108)
Non-controlling interests		(420)	(48)	(439)	47
		<u>515</u>	<u>(7,328)</u>	<u>(14,172)</u>	<u>(28,061)</u>
		=====	=====	=====	=====
<b>Earnings/(loss) per share attributable to owners of the Company:</b>					
- Earnings/(loss) per share for the period (basic/diluted) (sen)	14	0.66	(4.81)	(10.12)	(19.74)
		<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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 nine-month period ended 30 September 2023****Condensed Consolidated Statement of Financial Position**

		<b>30.09.2023</b>	<b>31.12.2022</b>
		Unaudited	Audited
	<b>Note</b>	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	116,127	122,383
Right-of-use assets		63,470	70,151
Investment properties	16	29,469	29,574
Other investments		16,939	23,719
Intangible assets	17	17,548	17,548
Deferred tax assets		5,856	5,888
		<hr/>	<hr/>
		249,409	269,263
<b>Current assets</b>			
Inventories	18	102,288	123,167
Trade and other receivables		53,400	57,680
Other current assets		3,325	2,506
Tax recoverable		13	966
Cash and bank balances	19	39,977	30,675
		<hr/>	<hr/>
		199,003	214,994
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		448,412	484,257
		=====	=====

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

		<b>30.09.2023</b>	<b>31.12.2022</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	20	12,459	14,680
Derivative liabilities	21	19	5
Trade and other payables		61,217	72,201
Provisions		4,550	4,463
Lease liabilities		9,281	9,373
Tax payable		560	1,191
		<hr/>	<hr/>
		88,086	101,913
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	20	5,874	8,159
Deferred tax liabilities		4,774	4,774
Provisions		250	303
Lease liabilities		21,851	27,252
		<hr/>	<hr/>
		32,749	40,488
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		120,835	142,401
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		17,820	17,366
Retained earnings		114,907	129,094
		<hr/>	<hr/>
		315,076	328,809
<b>Non-controlling interests</b>		12,501	13,047
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		327,577	341,856
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		448,412	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 nine-month period ended 30 September 2023****Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →					Non-controlling interests ("NCI")	Total equity	
	Share capital RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000			Total RM'000
<b>At 1 January 2023</b>	206,658	(24,309)	7,015	10,351	129,094	328,809	13,047	341,856
Loss net of tax	-	-	-	-	(14,187)	(14,187)	(562)	(14,749)
Other comparative income	-	-	-	454	-	454	123	577
Total comprehensive income	-	-	-	454	(14,187)	(13,733)	(439)	(14,172)
<b>Transaction with owners</b>								
Dividend paid to NCI	-	-	-	-	-	-	(107)	(107)
<b>At 30 September 2023</b>	206,658	(24,309)	7,015	10,805	114,907	315,076	12,501	327,577
<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	-	-	-	-	(27,681)	(27,681)	159	(27,522)
Other comparative income	-	-	-	(427)	-	(427)	(112)	(539)
Total comprehensive income	-	-	-	(427)	(27,681)	(28,108)	47	(28,061)
<b>Transaction with owners</b>								
Capital repayment to NCI	-	-	-	-	-	-	(460)	(460)
Dividend paid to NCI	-	-	-	-	-	-	(226)	(226)
<b>At 30 September 2022</b>	206,658	(24,309)	6,932	11,148	127,402	327,831	13,418	341,249

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 nine-month period ended 30 September 2023****Condensed Consolidated Statement of Cash Flows**

	<b>9 months ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	RM'000	RM'000
<b>Operating activities</b>	<b>Note</b>	
Loss before tax		(26,731)
		(14,145)
Adjustments for:		
Depreciation of investment properties		262
Depreciation of property, plant and equipment and right-of-use assets		17,479
Dividend income		(1,972)
Expected credit losses on receivables, net		(91)
Gains on disposal of other investments		(12)
Gains on disposal of property, plant and equipment, net		(704)
Gains on lease modification		(20)
Interest expense		1,864
Interest income		(95)
Inventories written off		183
Loss on fair value changes, net		5,762
Property, plant and equipment written off		75
Reversal of impairment on property, plant and equipment		(730)
Unrealised gains on foreign exchange, net		(615)
Write-down of inventories, net		(814)
		(4,030)
Operating cash flows before changes in working capital		(6,159)
Changes in working capital:		
Decrease in inventories		405
Decrease in receivables		3,262
Decrease in payables		(2,286)
		(4,778)
Cash generated from/(used in) operations		(1,864)
Interest paid		(726)
Taxes paid, net of refund		(210)
		(1,825)
Net cash flows from/(used in) operating activities carried forward		(7,368)
		8,121



**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	Note	9 months ended	
		30.09.2023 RM'000	31.03.2022 RM'000
Net cash flows from/(used in) operating activities brought forward		8,121	(7,368)
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(7,023)	(9,193)
Interest received		188	95
Proceeds from disposal of other investments		6,900	6,000
Proceeds from disposal of property, plant and equipment		12,984	1,598
Increase in short-term deposits with maturity more than three months		(8,239)	-
Net cash flows from/(used in) investing activities		4,810	(1,500)
<b>Financing activities</b>			
Drawdown of borrowings, net		(1,018)	2,165
Dividend paid to non-controlling interest		(108)	(226)
Capital repayment to non-controlling interest		-	(460)
Lease payment		(7,402)	(7,910)
Term loan obtained		187	-
Term loan repaid		(3,348)	(2,713)
Net cash flows used in financing activities		(11,689)	(9,144)
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,242	(18,012)
<b>Effect of foreign exchange rate changes</b>		279	674
<b>Cash and cash equivalents at 1 January</b>		27,553	47,047
<b>Cash and cash equivalents at 30 September</b>	20	29,074	29,709
		=====	=====

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

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

The condensed consolidated interim financial statements, for the nine-month period ended 30 September 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:

	<b>Effective for annual periods beginning on or after</b>
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 period ended 30 September 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 September 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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	<b>9 months ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	RM'000	RM'000
Revenue from contracts with customers	229,942	253,583
Dividend income	2	1,972
	<u>229,944</u>	<u>255,555</u>
	=====	=====

**12. Loss before tax**

	<b>9 months ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	RM'000	RM'000
Loss before tax for the nine-month period is arrived at after charging/(crediting):		
Depreciation of investment properties	261	262
Depreciation of property, plant and equipment and right-of-use assets	17,587	17,479
Dividend income	(2)	(1,972)
Expected credit losses on receivables, net	342	(91)
Gains on disposal of other investments	(265)	(12)
Gains on disposal of property, plant and equipment, net	(8,468)	(704)
Gain on lease modification	15	(20)
Interest expense	1,825	1,864
Interest income	(188)	(95)
Inventories written off	30	183
Losses on fair value changes, net	160	5,762
Property, plant and equipment written off	-	75
Reversal of impairment on property, plant and equipment	-	(730)
Unrealised gains on foreign exchange, net	(850)	(615)
Write-down of inventories, net	(332)	(814)
	<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>9 months ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	279	325
Foreign tax	241	452
Under provision in previous year:		
Malaysian income tax	84	14
Foreign tax	-	-
	<u>604</u>	<u>791</u>
Income tax expense for the period	=====	=====

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

**14. Earnings/(loss) per share****Basic/Diluted**

Basic earnings/(loss) per share amounts are calculated by dividing profit/(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>9 months ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(14,187)	(27,681)
	<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)	(10.12)	(19.74)
	=====	=====

**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 RM7,023,000 (30 September 2022: RM9,193,000)

The Group disposed of property, plant and equipment with carrying amount of RM4,516,000 (30 September 2022: RM894,000) during the current financial year and resulting in gains on disposal of RM8,468,000 (30 September 2022: gains of RM704,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>30.09.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	34,514	34,889
Translation differences	173	(375)
	<u>34,687</u>	<u>34,514</u>
At 30 September/31 December	<u>34,687</u>	<u>34,514</u>
<b>Accumulated depreciation</b>		
At 1 January	4,940	4,599
Charge for the period	261	349
Impairment	-	17
Translation difference	17	(25)
	<u>5,218</u>	<u>4,940</u>
At 30 September/31 December	<u>5,218</u>	<u>4,940</u>
<b>Net carrying amount</b>		
At 30 September/31 December	<u>29,469</u>	<u>29,574</u>
	=====	=====

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**PART A – Explanatory Notes Pursuant to MFRS 134****17. Intangible assets**

	<b>30.09.2023</b>	<b>31.12.2022</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
	<hr/>	<hr/>
At 30 September/31 December	27,386	27,386
	<hr/>	<hr/>
<b>Accumulated impairment</b>		
At 30 September/31 December	(9,838)	(9,838)
	<hr/>	<hr/>
<b>Net carrying amount</b>		
At 30 September/31 December	17,548	17,548
	<hr/> <hr/>	<hr/> <hr/>

**18. Inventories**

During the current financial period ended 30 September 2023, the Group recognised a reversal of write-down on inventories of RM332,000 (30 September 2022: a reversal of write-down of RM814,000). The provision was included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

**19. Cash and cash equivalents**

Cash and cash equivalents comprised the following amounts:

	<b>30.09.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
Cash on hand and at bank	29,074	28,011
Deposits with financial institutions	10,903	2,664
	<hr/>	<hr/>
Cash and bank balances	39,977	30,675
Bank overdraft	-	(458)
Deposits with maturity more than 3 months	(10,903)	(2,664)
	<hr/>	<hr/>
Cash and cash equivalents	29,074	27,553
	<hr/> <hr/>	<hr/> <hr/>

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**PART A – Explanatory Notes Pursuant to MFRS 134****20. Loans and Borrowings**

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

	<b>30.09.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
<b>Current</b>		
Bank overdraft, unsecured	-	458
Trade facilities, unsecured	9,150	10,047
Hire purchase, unsecured	82	80
Term loans, secured	3,227	4,095
	<u>12,459</u>	<u>14,680</u>
<b>Non-current</b>		
Trade facilities, unsecured	418	552
Hire purchase, unsecured	302	159
Term loans, secured	5,154	7,448
	<u>5,874</u>	<u>8,159</u>
Total loans and borrowings	18,333	22,839
	=====	=====
<b>Changes in liabilities arising from financing activities</b>		
At 1 January	22,839	23,652
Drawn down of borrowings	187	2,722
Repayment of borrowings	(4,366)	(3,703)
Translation differences	(327)	168
	<u>18,333</u>	<u>22,839</u>
At 30 September/31 December	=====	=====



**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 September 2023 are tabulated below:

	<b>Contract value</b> RM'000	<b>Fair value</b> RM'000	<b>Gain/(loss) on fair value</b> RM'000	<b>Reason for gain/(loss)</b>
Maturity within 1 year	1,042 =====	1,061 =====	(19) =====	Weakening of MYR

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

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

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

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

As at 30 September 2023, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 September 2022: 140,239,113) ordinary shares of RM1 each.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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:

	30.09.2023		31.12.2022	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial liabilities</b>				
Loans and borrowings	18,333	18,333	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
<b>30.09.2023</b>				
<b>Financial assets/(liabilities)</b>				
Other investments - unquoted unit trust	16,939	-	16,939	-
Derivative liabilities	(19)	-	(19)	-
	=====	=====	=====	=====
<b>31.12.2022</b>				
<b>Financial assets/(liabilities)</b>				
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 nine-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 nine-month period ended 30 September 2023 and 30 September 2022:

	<b>9 months ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	1,497	1,497
Insurance commission earned as insurance agent	82	93
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	532	549
Directors' interest		
Renovation and maintenance costs	136	91
Sales of ceramic tiles	30	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 September 2023 was as follows:

	<b>30.09.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
Authorised and contracted for	274	-
Authorised but not contracted for	-	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:

	<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>30.09.2023</b>					
<i>Segment Revenue</i>					
Total sales	129,115	18,024	97,219	1,320	245,678
Inter-segment sales	(12,825)	(2,909)	-	-	(15,734)
	<u>116,290</u>	<u>15,115</u>	<u>97,219</u>	<u>1,320</u>	<u>229,944</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating loss	(6,246)	(1,589)	(3,778)	(707)	(12,320)
Finance cost	(553)	-	(1,272)	-	(1,825)
	<u>(6,799)</u>	<u>(1,589)</u>	<u>(5,050)</u>	<u>(707)</u>	<u>(14,145)</u>
Income tax expense	(404)	(117)	(83)	-	(604)
	<u>(7,203)</u>	<u>(1,706)</u>	<u>(5,133)</u>	<u>(707)</u>	<u>(14,749)</u>
Non-controlling interest	-	350	-	212	562
	<u>-</u>	<u>350</u>	<u>-</u>	<u>212</u>	<u>562</u>
Loss attributable to owners of the parent	<u>(7,203)</u>	<u>(1,356)</u>	<u>(5,133)</u>	<u>(495)</u>	<u>(14,187)</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2023:

	<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	261,636	63,451	120,545	2,780	448,412
Inter-segment assets	-	-	-	-	-
	<u>261,636</u>	<u>63,451</u>	<u>120,545</u>	<u>2,780</u>	<u>448,412</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	37,779	5,740	76,951	365	120,835
Inter-segment liabilities	-	-	-	-	-
	<u>37,779</u>	<u>5,740</u>	<u>76,951</u>	<u>365</u>	<u>120,835</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:

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

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 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	276,188	68,632	144,373	3,666	492,859
Inter-segment assets	-	-	-	-	-
	<u>276,188</u>	<u>68,632</u>	<u>144,373</u>	<u>3,666</u>	<u>492,859</u>
<i>Segment Liabilities</i>					
Total liabilities	49,029	6,457	95,950	174	151,610
Inter-segment liabilities	-	-	-	-	-
	<u>49,029</u>	<u>6,457</u>	<u>95,950</u>	<u>174</u>	<u>151,610</u>

**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 RM229.9 million from RM255.6 million, recorded in the preceding year's corresponding financial period ended 30 September 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 lower loss before tax of RM14.1 million for the current financial period as compared to a loss before tax of RM26.7 million suffered in the preceding year's corresponding financial period mainly due to a higher gain on disposal of property, plant and equipment of RM8.5 million (2022: RM0.7 million) and a lower loss on fair value changes of RM0.2 million (2022: RM5.8 million) during the current financial period.

**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 marginally from RM78.5 million to RM78.6 million.

The Group recorded a profit before tax of RM0.7 million for the current financial quarter under review as compared to a loss before tax of RM1.5 million for the immediate preceding quarter, mainly due to gains on disposal of property, plant and equipment of RM8.3 million made during the current financial quarter.

**29. Commentary on prospects**

The results of the Group for the ensuing year are affected by uncertainties of the global economy, 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 26 November 2023.

#### **34. Changes in material litigation**

As at the date of this announcement, the Group is not engaged in any pending material litigation.

#### **35. Dividend payable**

No interim dividend has been declared for the financial period ended 30 September 2023 (30 September 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 September 2023 and 30 September 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 September 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.

	<b>As at 30.09.2023</b>	<b>As at 31.12.2022</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	107,050	117,695
- Unrealised	7,501	10,966
	<hr/>	<hr/>
	114,551	128,661
Less: Consolidated adjustments	356	433
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	114,907	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**

27 November 2023