

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

Interim Financial Report
30 June 2024

Interim Financial Report for the six-month period ended 30 June 2024

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KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the six-month period ended 30 June 2024**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue	11	73,566	78,486	152,957	151,303
Cost of sales		(53,331)	(60,826)	(109,748)	(121,335)
Gross profit		20,235	17,660	43,209	29,968
Other income		3,228	5,602	6,292	7,711
Selling and distribution costs		(9,709)	(7,984)	(19,243)	(15,896)
Administrative expenses		(17,537)	(17,373)	(35,206)	(34,666)
Other expenses		1,000	1,203	(420)	(746)
Operating loss		(2,783)	(892)	(5,368)	(13,629)
Finance costs		(482)	(592)	(1,026)	(1,261)
Loss before tax	12	(3,265)	(1,484)	(6,394)	(14,890)
Income tax expense	13	(123)	(174)	(217)	(386)
Loss for the period		(3,388)	(1,658)	(6,611)	(15,276)
Other comprehensive (loss)/income:					
Other comprehensive (loss)/income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(530)	76	38	589
Other comprehensive (loss)/income for the period, net of tax		(530)	76	38	589
Total comprehensive loss for the period		(3,918)	(1,582)	(6,573)	(14,687)

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Interim report for the six-month period ended 30 June 2024**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Note	RM'000	RM'000	RM'000	RM'000
Loss attributable to:				
Owners of the Company	(3,415)	(1,873)	(6,597)	(15,109)
Non-controlling interests	27	215	(14)	(167)
	<u>(3,388)</u>	<u>(1,658)</u>	<u>(6,611)</u>	<u>(15,276)</u>
	=====	=====	=====	=====
Total comprehensive loss attributable to:				
Owners of the Company	(3,877)	(1,843)	(7,088)	(14,668)
Non-controlling interests	(41)	261	515	(19)
	<u>(3,918)</u>	<u>(1,582)</u>	<u>(6,573)</u>	<u>(14,687)</u>
	=====	=====	=====	=====
Loss per share attributable to owners of the Company:				
- Loss per share for the period (basic/diluted) (sen)	14			
	(2.43)	(1.33)	(4.70)	(10.77)
	=====	=====	=====	=====

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the six-month period ended 30 June 2024**Condensed Consolidated Statement of Financial Position**

		30.06.2024	31.12.2023
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	101,538	104,615
Right-of-use assets		56,105	61,366
Investment properties	16	31,111	31,590
Other investments		15,495	17,641
Intangible assets	17	7,961	8,179
Deferred tax assets		5,738	5,758
		<hr/>	<hr/>
		217,948	229,149
		<hr/>	<hr/>
Current assets			
Inventories	18	97,093	103,074
Trade and other receivables		55,401	52,091
Other current assets		2,263	2,391
Tax recoverable		184	185
Derivative assets		14	128
Cash and bank balances	19	42,507	47,339
		<hr/>	<hr/>
		197,462	205,208
Assets held for sale		-	758
		<hr/>	<hr/>
		197,462	205,966
		<hr/>	<hr/>
TOTAL ASSETS		415,410	435,115
		=====	=====

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Interim report for the six-month period ended 30 June 2024**Condensed Consolidated Statement of Financial Position (contd.)**

		30.06.2024	31.12.2023
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	20	10,413	12,984
Derivative liabilities	21	3	-
Trade and other payables		65,058	68,423
Provisions		4,924	4,891
Lease liabilities		9,748	10,383
Tax payable		534	673
		<hr/>	<hr/>
		90,680	97,354
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	20	3,903	5,218
Deferred tax liabilities		1,849	1,914
Trade and other payables		768	730
Provisions		274	276
Lease liabilities		17,012	22,126
		<hr/>	<hr/>
		23,806	30,264
		<hr/>	<hr/>
TOTAL LIABILITIES		114,486	127,618
		<hr/>	<hr/>
Equity			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		17,842	18,333
Retained earnings		90,082	96,679
		<hr/>	<hr/>
		290,273	297,361
Non-controlling interests		10,651	10,136
		<hr/>	<hr/>
TOTAL EQUITY		300,924	307,497
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		415,410	435,115
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.07	2.12
		<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 2024**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 2024	206,658	(24,309)	7,015	11,318	96,679	297,361	10,136	307,497
Loss net of tax	-	-	-	-	(6,597)	(6,597)	(14)	(6,611)
Other comprehensive (loss)/income	-	-	-	(491)	-	(491)	529	38
Total comprehensive (loss)/income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(491)</u>	<u>(6,597)</u>	<u>(7,088)</u>	<u>515</u>	<u>(6,573)</u>
At 30 June 2024	<u>206,658</u>	<u>(24,309)</u>	<u>7,015</u>	<u>10,827</u>	<u>90,082</u>	<u>290,273</u>	<u>10,651</u>	<u>300,924</u>
At 1 January 2023	206,658	(24,309)	7,015	10,654	133,903	333,921	12,933	346,854
Loss net of tax	-	-	-	-	(15,109)	(15,109)	(167)	(15,276)
Other comprehensive income	-	-	-	441	-	441	148	589
Total comprehensive (loss)/income	<u>-</u>	<u>-</u>	<u>-</u>	<u>441</u>	<u>(15,109)</u>	<u>(14,668)</u>	<u>(19)</u>	<u>(14,687)</u>
At 30 June 2023	<u>206,658</u>	<u>(24,309)</u>	<u>7,015</u>	<u>11,095</u>	<u>118,794</u>	<u>319,253</u>	<u>12,914</u>	<u>332,167</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 2024**Condensed Consolidated Statement of Cash Flows**

	Note	6 months ended	
		30.06.2024 RM'000	30.06.2023 RM'000
Operating activities			
Loss before tax		(6,394)	(14,890)
Adjustments for:			
Amortisation of intangible assets		218	-
Depreciation of investment properties		385	174
Depreciation of property, plant and equipment		4,599	6,478
Depreciation on right-of-use assets		4,819	5,572
Dividend income		(80)	(2)
Expected credit losses on receivables, net		(155)	(70)
Gains on fair value changes, net		(710)	(372)
Gains on disposal of other investments		(32)	(265)
Gain on lease modification		(3)	(2)
Interest expense		1,026	1,261
Interest income		(304)	(74)
Inventories written off		10	17
Losses/(gains) on disposal of property, plant and equipment, net		25	(210)
Unrealised losses/(gains) on foreign exchange, net		135	(1,971)
Write-down of inventories (reversed)/provided, net		(697)	278
		<hr/>	<hr/>
Operating cash flows before changes in working capital		2,842	(4,076)
Changes in working capital:			
Decrease in inventories		7,178	16,564
(Increase)/decrease in receivables		(3,710)	4,069
Decrease in payables		(3,078)	(7,247)
		<hr/>	<hr/>
Cash generated from operations		3,232	9,310
Interest paid		(1,026)	(1,261)
Taxes paid, net of refund		(414)	(337)
		<hr/>	<hr/>
Net cash flows from operating activities carried forward		1,792	7,712
		<hr/>	<hr/>

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Interim report for the six-month period ended 30 June 2024**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	6 months ended	
		30.06.2024	30.06.2023
		RM'000	RM'000
Net cash flows from operating activities brought forward		1,792	7,712
Investing activities			
Acquisition of other investments		(16,045)	-
Acquisition of property, plant and equipment		(1,860)	(4,596)
Interest received		304	74
Proceeds from disposal of other investments		19,023	6,900
Proceeds from disposal of property, plant and equipment		12	223
Changes in short-term deposits with maturity more than 3 months		4,596	709
Net cash flows generated from investing activities		<u>6,030</u>	<u>3,310</u>
Financing activities			
Drawn down of trade facilities and hire purchase, net		(1,913)	(2,801)
Payment of principal portion of lease liabilities		(4,224)	(5,066)
Repayment of term loans		(1,368)	(2,198)
Net cash flows used in financing activities		<u>(7,505)</u>	<u>(10,065)</u>
Net increase in cash and cash equivalents		317	957
Net foreign exchange difference		20	112
Cash and cash equivalents at 1 January		<u>37,040</u>	<u>27,553</u>
Cash and cash equivalents at 30 June	20	<u>37,377</u> =====	<u>28,622</u> =====

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

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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 2024 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 2023. 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 2023.

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 2023, except for the adoption of the following standards and amended MFRSs (collectively referred to as “pronouncements”) with effect from 1 January 2024:

	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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 2024.

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 2024.

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 other than those as disclosed in the audited financial statements for the financial year ended 31 December 2023.

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

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Sales of goods	152,877	151,301
Dividend income	80	2
	<u>152,957</u>	<u>151,303</u>
	=====	=====

12. Loss before tax

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Loss before tax for the six-month period is arrived at after charging/(crediting):		
Amortisation of intangible assets	218	-
Depreciation of investment properties	385	174
Depreciation of property, plant and equipment	4,599	6,478
Depreciation on right-of-use assets	4,819	5,572
Dividend income	(80)	(2)
Expected credit losses on receivables, net	(155)	(70)
Gains on disposal of other investments	(32)	(265)
Gains on fair value changes, net	(710)	(372)
Gains on lease modification	(3)	(2)
Interest expense	1,026	1,261
Interest income	(304)	(74)
Inventories written off	10	17
Loss/(gains) on disposal of property, plant and equipment, net	25	(210)
Unrealised loss/(gains) on foreign exchange, net	135	(1,971)
Write-down of inventories (reversed)/provided, net	(697)	278
	<u>=====</u>	<u>=====</u>

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

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Current income tax:		
Malaysian income tax	275	186
Foreign tax	7	117
	<hr/>	<hr/>
Income tax expense for the period	282	303
Deferred income tax	(65)	83
	<hr/>	<hr/>
Income tax expenses recognised in profit or loss	217	386
	<hr/> <hr/>	<hr/> <hr/>

The Group's higher effective tax rate was principally due to non-applicability of group tax loss relief and the effect of non-deductible expenses for tax purposes.

14. Loss per share**Basic/Diluted**

Basic loss per share is calculated by dividing loss for the financial period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

There is no dilutive effect of all potential ordinary shares.

The following table reflects the loss and share data used in the computation of basic loss per share:

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(6,597)	(15,109)
	<hr/>	<hr/>
Number of ordinary shares in issue ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
	<hr/>	<hr/>
Weighted average number of ordinary shares for basic earnings per share computation ('000)	140,239	140,239
	<hr/>	<hr/>
Basic loss per share (sen)	(4.70)	(10.77)
	<hr/> <hr/>	<hr/> <hr/>

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

During the current financial period, the Group acquired property, plant and equipment at a cost of RM1,860,000 (30 June 2023: RM4,596,000)

The Group disposed of property, plant and equipment with carrying amount of RM37,000 (30 June 2023: RM12,000) during the current financial year and resulting in loss on disposal of RM25,000 (30 June 2023: gains of RM210,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

	30.06.2024	31.12.2023
	RM'000	RM'000
Cost		
At 1 January	38,073	39,451
Disposal	-	(495)
Translation differences	(81)	(883)
	<hr/>	<hr/>
At 30 June/31 December	37,992	38,073
	<hr/>	<hr/>
Accumulated depreciation and impairment		
At 1 January	6,483	5,619
Charge for the period	385	665
Impairment during the period	-	159
Disposal	-	(57)
Translation difference	13	97
	<hr/>	<hr/>
At 30 June/31 December	6,881	6,483
	<hr/>	<hr/>
Net carrying amount		
At 30 June/31 December	31,111	31,590
	=====	=====

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

	30.06.2024	31.12.2023
	RM'000	RM'000
Cost		
Goodwill	11,637	11,637
Arrangements with franchisee	10,892	10,892
Brands	4,857	4,857
	<u>27,386</u>	<u>27,386</u>
At 1 January/30 June/31 December		
Accumulated amortisation and impairment		
At 1 January	19,207	13,182
Amortisation charge for the period	218	436
Impairment during the period	-	5,589
	<u>19,425</u>	<u>19,207</u>
At 30 June/31 December		
Net carrying amount		
At 30 June/31 December	7,961	8,179
	<u>=====</u>	<u>=====</u>

18. Inventories

During the current financial quarter ended 30 June 2024, the Group recognised a reversal on write-down on inventories of RM697,000 (30 June 2023: a write-down of RM278,000). 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:

	30.06.2024	31.12.2023
	RM'000	RM'000
Cash on hand and at bank	37,449	36,265
Deposits with financial institutions	5,058	11,074
	<u>42,507</u>	<u>47,339</u>
Cash and bank balances	42,507	47,339
Bank overdraft	(72)	(645)
Deposits with maturity more than 3 months	(5,058)	(9,654)
	<u>37,377</u>	<u>37,040</u>
Cash and cash equivalents	<u>=====</u>	<u>=====</u>

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

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

	30.06.2024	31.12.2023
	RM'000	RM'000
Current		
Bank overdraft, unsecured	72	645
RM trade facilities, unsecured	1,319	3,142
AUD trade facilities, unsecured	6,039	6,185
Hire purchase, unsecured	125	154
RM term loans, secured	2,258	2,258
AUD term loan, secured	600	600
	<u>10,413</u>	<u>12,984</u>
Non-current		
Hire purchase, unsecured	231	275
RM term loans, secured	3,511	4,634
AUD term loan, secured	161	309
	<u>3,903</u>	<u>5,218</u>
Total loans and borrowings	<u>14,316</u>	<u>18,202</u>
	=====	=====
	AUD'000	AUD''000
Loans and borrowings, denominated in foreign currency	2,164	2,248
	=====	=====
Changes in liabilities arising from financing activities		
Group's borrowings (excluding bank overdraft):		
At 1 January	17,557	22,381
Drawn down of trade facilities	(1,913)	(789)
Repayment of principal portion of hire purchase	(74)	(110)
Repayment of borrowings	(1,368)	(3,423)
Translation differences	42	(502)
	<u>14,244</u>	<u>17,557</u>
At 30 June/31 December	=====	=====

The RM 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 guarantees from the Company.

PART A – Explanatory Notes Pursuant to MFRS 134**21. Derivative assets/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 2024 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	1,650 =====	1,661 =====	11 =====	Strengthening of USD

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.

22. Share capital, 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 2023: 155,616,013) issued and fully paid ordinary shares as at 30 June 2024, 15,376,900 (30 June 2023: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 June 2024, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 June 2023: 140,239,113) ordinary shares of RM1 each.

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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:

	30.06.2024		31.12.2023	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	14,316	14,316	18,202	18,202

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 market 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
30.06.2024				
Financial assets/(liabilities)				
Other investments - unquoted unit trust	15,495	-	15,495	-
Derivative assets	14	-	14	-
Derivative liabilities	(3)	-	(3)	-
31.12.2023				
Financial assets				
Other investments - unquoted unit trusts	17,641	-	17,641	-
Derivative assets	128	-	128	-

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 entered into between the Group and related parties during the six-month period ended 30 June 2024 and 30 June 2023:

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouses	968	998
Insurance commission earned as insurance agent	78	81
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	385	296
Directors' interest		
Renovation and maintenance costs	102	109
Sales of ceramic tiles	49	11
	=====	=====

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 2024 was as follows:

	30.06.2024	31.12.2023
	RM'000	RM'000
Authorised and contracted for	-	270
Authorised but not contracted for	669	-
	=====	=====

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PART A – Explanatory Notes Pursuant to MFRS 134**26. Segmental information**

The Group operates principally in one industry and is organized into four operating segments according to geographical locations based on information reported internally. 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
30.06.2024					
<i>Segment Revenue</i>					
Total sales	93,170	7,808	60,366	564	161,908
Inter-segment sales	(8,056)	(895)	-	-	(8,951)
	<u>85,114</u>	<u>6,913</u>	<u>60,366</u>	<u>564</u>	<u>152,957</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(2,992)	713	(2,556)	(533)	(5,368)
Finance cost	(263)	-	(763)	-	(1,026)
(Loss)/profit before tax	<u>(3,255)</u>	<u>713</u>	<u>(3,319)</u>	<u>(533)</u>	<u>(6,394)</u>
Income tax expense	(210)	-	(7)	-	(217)
(Loss)/profit for the period	<u>(3,465)</u>	<u>713</u>	<u>(3,326)</u>	<u>(533)</u>	<u>(6,611)</u>
Non-controlling interest	-	(146)	-	160	14
(Loss)/profit attributable to owners of the parent	<u>(3,465)</u>	<u>567</u>	<u>(3,326)</u>	<u>(373)</u>	<u>(6,597)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2024:

	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	259,311	52,639	102,113	1,347	415,410
Inter-segment assets	-	-	-	-	-
	<u>259,311</u>	<u>52,639</u>	<u>102,113</u>	<u>1,347</u>	<u>415,410</u>
<i>Segment Liabilities</i>					
Total liabilities	39,697	4,416	70,011	362	114,486
Inter-segment liabilities	-	-	-	-	-
	<u>39,697</u>	<u>4,416</u>	<u>70,011</u>	<u>362</u>	<u>114,486</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 period is as follows:

	Malaysia Operation RM’000	China Operation RM’000	Australia Operation RM’000	Vietnam Operation RM’000	Total 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)
(Loss)/profit before tax	(10,274)	45	(4,154)	(507)	(14,890)
Income tax expense	(186)	(117)	(83)	-	(386)
Loss for the period	(10,460)	(72)	(4,237)	(507)	(15,276)
Non-controlling interest	-	15	-	152	167
Loss attributable to owners of the parent	<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 RM’000	China Operation RM’000	Australia Operation RM’000	Vietnam Operation RM’000	Total 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>

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 improved marginally to RM153.0 million from RM151.3 million, recorded in the preceding year's corresponding financial period ended 30 June 2023. The higher revenue for the current financial period was mainly due to the better sales in domestic markets of its Malaysian operations.

The Group registered a loss before tax of RM6.4 million for the current financial period as compared to a loss before tax of RM14.9 million suffered in the preceding year's corresponding financial period due to improved margin.

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 RM79.4 million to RM73.6 million, mainly due to lower revenue from the domestic and China operations.

The Group recorded a loss before tax of RM3.3 million for the current financial quarter under review as compared to a loss before tax of RM3.1 million for the immediate preceding quarter, mainly due to lower revenue.

29. Commentary on prospects

The results of the Group for the ensuing year are affected by the performance of the global economy, fluctuations in main operating costs and foreign exchange movement, beside the impact of influx of imported tiles into domestic markets.

The Group is continuously monitoring measures taken in addressing challenges currently faced by the Group, including review of its product matrix for its Malaysian operations.

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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 28 August 2024.

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 June 2024 (30 June 2023: Nil).

36. Disclosure of nature of outstanding derivatives

Please refer to Note 21 for details.

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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 2024 and 30 June 2023.

38. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

39. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 30 June 2024 and 31 December 2023, 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 30.06.2024	As at 31.12.2023
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	86,400	88,075
- Unrealised	3,720	7,522
	<hr/>	<hr/>
	90,120	95,597
Less: Consolidated adjustments	(38)	1,082
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	90,082	96,679
	=====	=====

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

29 August 2024