

KIM HIN INDUSTRY BERHAD (018203-V)

Interim Financial Report
30 September 2015

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim Financial Report for the Nine-Month Period ended 30 September 2015

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Interim report for the nine months period ended 30 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue	11	91,817	77,525	269,698	224,427
Cost of sales		(59,509)	(53,007)	(177,362)	(160,619)
Gross profit		<u>32,308</u>	<u>24,518</u>	<u>92,336</u>	<u>63,808</u>
Other income		5,358	1,213	13,615	9,004
Negative goodwill on acquisition		-	(243)	-	5,669
Selling and distribution expenses		(7,631)	(4,829)	(19,650)	(14,307)
Administrative expenses		(14,611)	(14,786)	(44,114)	(36,834)
Other expenses		(2,870)	(2,025)	(4,335)	(2,988)
Operating profit		<u>12,554</u>	<u>3,848</u>	<u>37,852</u>	<u>24,352</u>
Finance costs		(112)	(125)	(345)	(374)
Share of loss of associate		-	(8)	-	(17)
Profit before tax	12	<u>12,442</u>	<u>3,715</u>	<u>37,507</u>	<u>23,961</u>
Income tax expense	13	(2,497)	(2,427)	(5,817)	(3,016)
Profit for the period		<u>9,945</u>	<u>1,288</u>	<u>31,690</u>	<u>20,945</u>
Other comprehensive income:					
Exchange translation differences on foreign subsidiaries		10,072	(261)	16,567	(2,534)
Total other comprehensive income for the period, net of tax		<u>10,072</u>	<u>(261)</u>	<u>16,567</u>	<u>(2,534)</u>
Total comprehensive income for the period, net of tax		<u><u>20,017</u></u>	<u><u>1,027</u></u>	<u><u>48,257</u></u>	<u><u>18,411</u></u>

KIM HIN INDUSTRY BHD
(Company No: 018203-V)

Interim report for the nine months period ended 30 September 2014

Condensed Consolidated Statement of Comprehensive Income (contd.)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Profit/(loss) attributable to:					
Owners of the Company		9,529	666	30,620	19,389
Non-controlling interests		416	622	1,070	1,556
		<u>9,945</u>	<u>1,288</u>	<u>31,690</u>	<u>20,945</u>
Total comprehensive income attributable to:					
Owners of the Company		18,458	124	44,295	17,139
Non-controlling interests		1,559	903	3,962	1,272
		<u>20,017</u>	<u>1,027</u>	<u>48,257</u>	<u>18,411</u>
Earning/(loss) per share attributable to owners of the Company:					
- Earning/(loss) per share for the period (basic/diluted) (sen)	14	<u>6.79</u>	<u>0.48</u>	<u>21.83</u>	<u>13.83</u>

The 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
(Company No: 018203-V)

Interim report for the nine-month period ended 30 September 2015

Consolidated Statement of Financial Position

	Note	30.09.2015 Unaudited RM'000	31.12.2014 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	195,653	192,483
Investment properties	16	46,642	45,039
Other investments		59,794	53,763
Goodwill on consolidation	17	9,218	9,218
Deferred tax assets		1,436	2,786
		<hr/>	<hr/>
		312,743	303,289
		<hr/>	<hr/>
Current assets			
Inventories	18	123,738	115,619
Trade and other receivables		70,322	63,840
Other current assets		3,786	3,334
Current tax assets		1,561	2,174
Other investments		13,367	15,407
Cash and bank balances	19	53,384	43,654
		<hr/>	<hr/>
		266,158	244,028
		<hr/>	<hr/>
TOTAL ASSETS		578,901	547,317
		<hr/> <hr/>	<hr/> <hr/>

KIM HIN INDUSTRY BHD
(Company No: 018203-V)

Interim report for the nine-month period ended 30 September 2015

Consolidated Statement of Financial Position (contd.)

		30.09.2015	31.12.2014
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	20	155,616	155,616
Share premium	20	51,042	51,042
Treasury shares	20	(24,309)	(24,309)
Other reserves		23,163	9,488
Revenue reserves		290,930	265,292
		<hr/>	<hr/>
		496,442	457,129
Non-controlling interests		18,788	22,312
		<hr/>	<hr/>
TOTAL EQUITY		515,230	479,441
		<hr/>	<hr/>
Non-current liabilities			
Provisions		892	810
Loans and borrowings	21	8,490	9,209
Deferred tax liabilities		339	339
		<hr/>	<hr/>
		9,721	10,358
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	963	964
Derivative liabilities	22	1,475	689
Trade and other payables		49,915	52,746
Provisions		1,131	1,163
Tax payable		466	1,956
		<hr/>	<hr/>
		53,950	57,518
		<hr/>	<hr/>
TOTAL LIABILITIES		63,671	67,876
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		578,901	547,317
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.54	3.26
		<hr/> <hr/>	<hr/> <hr/>

The 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
(Company No: 018203-V)

Interim report for the nine months period ended 30 September 2015

Consolidated Statement of Changes in Equity

	←		Attributable to equity holders of the Company			→		Total equity
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Revenue reserve RM'000	Non-controlling interests ("NCI") RM'000	
At 1 January 2015	155,616	51,042	(24,309)	2,362	7,126	265,292	22,312	479,441
Total comprehensive income for the period	-	-	-	-	13,675	30,620	3,962	48,257
<u>Transaction with owners</u>	-	-	-	-	-	(4,207)	-	(4,207)
Dividend paid	-	-	-	-	-	(775)	(5,440)	(6,215)
Acquisition of NCI	-	-	-	-	-	-	(2,046)	(2,046)
Dividend paid to NCI	-	-	-	-	-	-	-	-
At 30 June 2015	155,616	51,042	(24,309)	2,362	20,801	290,930	18,788	515,230
At 1 January 2014	155,616	51,042	(24,309)	1,835	5,415	250,344	20,032	459,975
Total comprehensive income for the period	-	-	-	-	(2,250)	19,389	1,272	18,411
<u>Transaction with owners</u>	-	-	-	-	-	(4,207)	-	(4,207)
Dividend paid	-	-	-	-	-	-	179	179
Issuance of shares to NCI	-	-	-	-	-	-	(918)	(918)
Dividend paid to NCI	-	-	-	-	-	-	-	-
At 30 June 2014	155,616	51,042	(24,309)	1,835	3,165	265,526	20,565	473,440

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

Interim report for the nine months period ended 30 September 2015

Consolidated Statement of Cash Flows

	Note	9 months ended	
		30.09.2015	30.09.2014
		RM'000	RM'000
Operating activities			
Profit before tax		37,507	23,961
Adjustments for:			
Bad debts written back		-	(53)
Depreciation of investment properties		646	672
Depreciation of property, plant and equipment		15,562	16,024
Dividend income		(468)	(117)
(Gain)/loss on disposal of property, plant and equipment		(23)	11
Gain on fair value changes		(2,234)	(3,165)
Impairment on investment in an associate reversed		-	(17)
Impairment loss on trade receivables		134	12
Impairment loss on trade receivables reversed		-	(102)
Interest expense		345	374
Interest income		(556)	(626)
Inventories written off		59	71
Loss on disposal of other investments		25	362
Negative goodwill on acquisition of subsidiaries		-	(5,669)
Property, plant and equipment written off		287	6
Share of loss of an associate		-	17
Unrealised (gain)/loss on foreign exchange		(5,204)	586
Write-down of inventories provided		1,343	913
Operating cash flows before changes in working capital		47,423	33,260
Changes in working capital:			
Increase in inventories		(1,593)	(9,351)
(Increase)/decrease in receivables		(6,107)	7,952
Decrease in payables		(1,914)	(3,524)
Cash generated from operations		37,809	28,337
Interest paid		(345)	(374)
Interest received		1	-
Taxes paid, net of refund		(5,527)	(3,817)
Net cash flows from operating activities carried forward		31,938	24,146

Interim report for the nine months period ended 30 September 2015

Consolidated Statement of Cash Flows (contd.)

		9 months ended	
	Note	30.09.2015	30.09.2014
		RM'000	RM'000
Net cash flows from operating activities brought forward		31,938	24,146
Investing activities			
Acquisition of investment properties		(9)	-
Acquisition of property, plant and equipment		(11,254)	(13,463)
Acquisition of other investments		(9,234)	(2,287)
Acquisition of subsidiaries, net of cash		-	(8,557)
Acquisition of non-controlling interest in a subsidiary		(6,215)	-
Dividend received		338	90
Interest received		554	626
Proceeds from disposal of other investments		11,225	9,602
Proceeds from disposal of property, plant and equipment		245	1,187
		<hr/>	<hr/>
Net cash flows used in investing activities		(14,350)	(12,802)
		<hr/>	<hr/>
Financing activities			
Dividend paid		(8,414)	(4,207)
Dividend paid to non-controlling interest		(2,046)	(918)
Issuance of shares to non-controlling interest		-	179
Repayment of lease payables		(10)	(10)
Repayment of term loan		(709)	(682)
		<hr/>	<hr/>
Net cash flows used in financing activities		(11,179)	(5,638)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		6,409	5,706
Effect of foreign exchange rate changes		3,321	(121)
Cash and cash equivalents at 1 January	19	43,654	50,437
		<hr/>	<hr/>
Cash and cash equivalents at 30 September	19	53,384	56,022
		<hr/> <hr/>	<hr/> <hr/>

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

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

PART A – Explanatory Notes Pursuant to MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 30 September 2015 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 2014. 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 2014.

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 year ended 31 December 2014, except for the adoption of the following with effect from 1 January 2015:

- Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

The application of these amendments has no material impact on the disclosures or on the amounts recognised in the Group’s and the Company’s financial statements.

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 2015.

PART A – Explanatory Notes Pursuant to MFRS 134

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 and financial year to date.

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 in the current period and financial year to date.

7. Dividends paid

An interim dividend in respect of the financial year ended 31 December 2014, of 3.0 sen per ordinary share, tax exempt, on the 140,239,113 ordinary shares, amounting to RM4,207,173 has been paid on 9 January 2015.

A final dividend in respect of the financial year ended 31 December 2014, of 3.0 sen per ordinary share, tax exempt, on the 140,239,113 ordinary shares, amounting to RM4,207,173 has been paid on 23 July 2015.

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 except as disclosed below:

- (a) the final meeting of Habitat Gallery Sdn Bhd, a wholly owned subsidiary of the Group placed under members' voluntary liquidation had convened on 27 July 2015.
- (b) the Group acquired a further 8% equity interest in one of its subsidiaries, Kim Hin Ceramic (Shanghai) Co. Limited from non-controlling interest in the third financial quarter of the current financial year.

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 2014.

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Sales of goods	91,500	77,520	269,230	224,310
Dividend income	317	5	468	117
	<u>91,817</u>	<u>77,525</u>	<u>269,698</u>	<u>224,427</u>

12. Profit before tax

	9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000
Profit for the period is arrived at after charging/(crediting):		
Bad debts written back	-	(53)
Depreciation of investment property	646	672
Depreciation of property, plant and equipment	15,562	16,024
(Gain)/loss on disposal of property, plant and equipment	(23)	11
(Gain)/loss on fair value changes		
- derivatives	728	(305)
- other investments	(2,962)	(2,860)
Impairment on investment in an associate reversed	-	(17)
Impairment loss on trade receivables	134	12
Impairment loss on trade receivables reversed	-	(102)
Interest expense	345	374
Interest income	(556)	(626)
Inventories written off	59	71
Loss on disposal of other investments	25	362
Property, plant and equipment written off	287	6
Share of loss of an associate	-	17
Unrealised (gain)/loss on foreign exchange	(5,204)	586
Write-down of inventories provided	1,343	913
	<u>1,343</u>	<u>913</u>

PART A – Explanatory Notes Pursuant to MFRS 134

13. Income tax expense

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Current income tax:		
Malaysian income tax	3,428	2,740
Foreign tax	1,033	2,467
	<u>4,461</u>	<u>5,207</u>
(Over)/under provided in prior year:		
Malaysian income tax	6	(15)
Foreign tax	-	2
	<u>4,467</u>	<u>5,194</u>
Deferred income tax	1,350	(2,178)
	<u>5,817</u>	<u>3,016</u>
Income tax expense for the period	<u><u>5,817</u></u>	<u><u>3,016</u></u>

The effective tax rate of the Group for the current financial period and the financial period ended 30 September 2014 respectively was lower than the statutory tax rate principally due to utilisation of unused capital allowances which was not previously recognised as deferred tax assets.

14. Earnings per share

Basic/Diluted

Basic earnings per share amounts are calculated by dividing profit 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 profit and share data used in the computation of basic earnings per share:

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Profit, net of tax attributable to owners of the Company (RM'000)	30,620	19,389
	<u>30,620</u>	<u>19,389</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>140,239</u>	<u>140,239</u>
Weighted average number of ordinary shares in issue ('000)	140,239	140,239
	<u>140,239</u>	<u>140,239</u>
Basic earnings per share (sen)	<u><u>21.83</u></u>	<u><u>13.83</u></u>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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

During the nine months ended 30 September 2015, the Group acquired property, plant and equipment at a cost of RM11,254,000 (30 September 2014: RM13,463,000)

The Group disposed of property, plant and equipment with carrying amount of RM222,000 during the period ended 30 September 2015 (30 September 2014: RM1,198,000), resulting in gain on disposal of RM23,000 (30 September 2014: loss of RM11,000) recognised and included in other income and other expenses in the consolidated statement of profit or loss and other comprehensive income.

16. Investment property

	30.09.2015	30.09.2014
	RM'000	RM'000
Cost		
At 1 January	48,002	46,457
Addition	9	-
Translation difference	2,520	(595)
	<u>50,531</u>	<u>45,862</u>
Accumulated depreciation		
At 1 January	2,963	2,047
Charge for the year	646	672
Translation difference	280	(65)
	<u>3,889</u>	<u>2,654</u>
Net carrying amount		
At 30 September	<u><u>46,642</u></u>	<u><u>43,208</u></u>

17. Goodwill on consolidation

	30.09.2015	30.09.2014
	RM'000	RM'000
Cost		
At 1 January /30 September	<u>9,837</u>	<u>10,627</u>
Accumulated impairment		
At 1 January /30 September	<u>(619)</u>	<u>(1,409)</u>
Net carrying amount		
At 30 September	<u><u>9,218</u></u>	<u><u>9,218</u></u>

PART A – Explanatory Notes Pursuant to MFRS 134

18. Inventories

During the period ended 30 September 2015, the Group recognised a write-down on inventories of RM1,343,000 (30 September 2014: write-down provided of RM913,000) to net realisable value. This expense was included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

19. Cash and bank balances

Cash and cash equivalents comprised the following amounts:

	30.09.2015	30.09.2014
	RM'000	RM'000
Cash on hand and at bank	31,654	32,707
Deposits with financial institutions	21,730	24,202
	<hr/>	<hr/>
Cash and bank balances	53,384	56,909
Bank overdraft {Note 21}	-	(887)
	<hr/>	<hr/>
Cash and cash equivalents	<u>53,384</u>	<u>56,022</u>

20. 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 2014: 155,616,013) issued and fully paid ordinary shares as at 30 September 2015, 15,376,900 (30 September 2014: 15,376,900) are held as treasury shares by the Company. As at 30 September 2015, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 September 2014: 140,239,113) ordinary shares of RM1 each.

PART A – Explanatory Notes Pursuant to MFRS 134

21. Loans and borrowings

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

	30.09.2015	30.09.2014
	RM'000	RM'000
Bank overdraft	-	887
<i>Financial lease liabilities</i>		
Current	13	13
Non-current	11	24
	<u>24</u>	<u>37</u>
<i>Term loan, secured</i>		
Current	950	938
Non-current	8,479	9,430
	<u>9,429</u>	<u>10,368</u>
Total loans and borrowings	<u><u>9,453</u></u>	<u><u>11,292</u></u>

22. Derivative liabilities

As at the end of the current financial quarter, the 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 accounts receivables and payables as part of the normal course of business. Details of the outstanding derivative financial instruments as at 30 September 2015 are tabulated below.

	Contract Value	Fair Value	Gain/(loss) on fair value changes	Reason for gain/(loss)
	RM'000	RM'000	RM'000	
Maturity within 1 year	<u>42,828</u>	<u>41,353</u>	<u>(1,475)</u>	Strengthening of USD

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting 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 above 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 when it falls due.

PART A – Explanatory Notes Pursuant to MFRS 134

23. Capital commitments

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 30 September 2015 was as follows:

	30.09.2015	30.09.2014
	RM'000	RM'000
Authorised and contracted for	1,856	4,723
	<u> </u>	<u> </u>

24. Changes in contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets as at the date of this announcement.

25. 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:

	30.09.2015		30.09.2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Interest-bearing borrowings:				
- Financial lease liabilities	11	11	24	24
- Term loan	8,479	8,479	9,430	9,430
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	8,490	8,490	9,454	9,454
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

PART A – Explanatory Notes Pursuant to MFRS 134

25. Financial instruments

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/(liabilities) measured at fair value consist of other investments and derivative assets.

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30.09.2015				
Financial assets				
Other investments				
- unit trust funds	59,794	59,794	-	-
- structure products	13,367	13,367	-	-
	<u>73,161</u>	<u>73,161</u>	<u>-</u>	<u>-</u>
	<u><u>73,161</u></u>	<u><u>73,161</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Financial liabilities				
Derivative liabilities	1,475	-	1,475	-
	<u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>-</u>
	<u><u>1,475</u></u>	<u><u>-</u></u>	<u><u>1,475</u></u>	<u><u>-</u></u>
30.09.2014				
Financial assets				
Other investments				
- unit trust funds	47,929	47,929	-	-
Derivative assets	140	-	140	-
	<u>48,069</u>	<u>47,929</u>	<u>140</u>	<u>-</u>
	<u><u>48,069</u></u>	<u><u>47,929</u></u>	<u><u>140</u></u>	<u><u>-</u></u>

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 period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

PART A – Explanatory Notes Pursuant to MFRS 134

26. 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 2015 and 30 September 2014:

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Insurance commission earned as insurance agent	120	114
Rental of office and warehouse	1,497	1,497
Sales of ceramic tiles	33	33
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	1,205	1,122
Supply of materials and spare parts	7	2
Directors' interest		
Provision of container haulage, transport, declaration, loading and unloading services	-	1,274
Provision of legal services	-	-
Provision of warehouse, operations and inventory management	-	284
Purchase of ceramic tiles for resale	6,187	4,897
Renovation and maintenance costs	260	645
Sales of ceramic tiles	18	60
	<u> </u>	<u> </u>

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.

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

PART A – Explanatory Notes Pursuant to MFRS 134**27. Segmental information**

The Group operates principally in one industry and the information for each of the Group's geographical segments for the current financial year is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.09.2015					
<i>Segment Revenue</i>					
Total sales	190,287	48,392	45,918	1,890	286,487
Inter-segment sales	(16,121)	(668)	-	-	(16,789)
	<u>174,166</u>	<u>47,724</u>	<u>45,918</u>	<u>1,890</u>	<u>269,698</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	31,323	6,457	211	(139)	37,852
Finance cost	(345)	-	-	-	(345)
Profit/(loss) before tax	30,978	6,457	211	(139)	37,507
Income tax expense	(4,784)	(1,033)	-	-	(5,817)
Profit/(loss) for the period	26,194	5,424	211	(139)	31,690
Non-controlling interest	-	(1,112)	-	42	(1,070)
Profit/(loss) attributable to owners of the parent	<u>26,194</u>	<u>4,312</u>	<u>211</u>	<u>(97)</u>	<u>30,620</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2015:

	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	403,817	101,913	71,152	2,019	578,901
Inter-segment assets	-	-	-	-	-
	<u>403,817</u>	<u>101,913</u>	<u>71,152</u>	<u>2,019</u>	<u>578,901</u>
<i>Segment Liabilities</i>					
Total liabilities	34,538	10,785	16,578	1,770	63,671
Inter-segment liabilities	-	-	-	-	-
	<u>34,538</u>	<u>10,785</u>	<u>16,578</u>	<u>1,770</u>	<u>63,671</u>

PART A – Explanatory Notes Pursuant to MFRS 134

27. Segmental information

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
30.09.2014					
<i>Segment Revenue</i>					
Total sales	159,848	47,017	24,870	260	231,995
Inter-segment sales	(6,760)	(808)	-	-	(7,568)
	<u>153,088</u>	<u>46,209</u>	<u>24,870</u>	<u>260</u>	<u>224,427</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	15,691	7,532	1,273	(144)	24,352
Finance cost	(374)	-	-	-	(374)
Share of associate’s result	(17)	-	-	-	(17)
Profit/(loss) before tax	15,300	7,532	1,273	(144)	23,961
Income tax expense	(1,092)	(1,922)	(2)	-	(3,016)
Profit/(loss) for the year	14,208	5,610	1,271	(144)	20,945
Non-controlling interest	-	(1,599)	-	43	(1,556)
Profit/(loss) attributable to owners of the parent	<u>14,208</u>	<u>4,011</u>	<u>1,271</u>	<u>(101)</u>	<u>19,389</u>

The following table presents segment assets and liabilities of the Group’s operating segments as at 30 September 2014:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
<i>Segment Assets</i>					
Total asset	393,311	79,236	59,616	844	533,077
Inter-segment assets	-	-	-	-	-
	<u>393,311</u>	<u>79,236</u>	<u>59,616</u>	<u>844</u>	<u>533,077</u>
<i>Segment Liabilities</i>					
Total liabilities	35,271	8,143	15,758	395	59,567
Inter-segment liabilities	-	-	-	-	-
	<u>35,271</u>	<u>8,143</u>	<u>15,758</u>	<u>395</u>	<u>59,567</u>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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

28. Performance review

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

During the current financial period under review, revenue of the Group improved by 20% to RM269.7 million from RM224.4 million as compared with the preceding year's corresponding financial period ended 30 September 2014.

All geographical segments of the Group's operation registered an increase in revenue for the current financial period. The increase in revenue was contributed by better performance of the Malaysia operation and the inclusion of contribution from Johnson Tiles Pty Limited which was acquired on 30 May 2014.

The Group registered a significant improvement in profit before tax of RM37.5 million for the current financial period as compared to a profit before tax of RM24.0 million recorded in the corresponding period of previous financial year on the back of higher revenue and improved profit margin.

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

During the current financial quarter under review, revenue of the Group improved to RM91.8 million from RM77.5 million as compared with the preceding year's corresponding financial quarter ended 30 September 2014. All geographical segments of the Group registered an increase in revenue.

The Group recorded a profit before tax of RM12.4 million for the current financial quarter on the back of higher revenue and improved profit margin, as compared to a profit before tax of RM3.7 million registered in the corresponding quarter in the preceding financial year.

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

29. Comment on material change in the current financial quarter’s results compared to the results of the preceding quarter

The Group’s revenue for the current financial quarter has increased sequentially from RM89.5 million to RM91.8 million.

The Group recorded a profit before tax of RM12.4 million for the current financial quarter under review as compared to a profit before tax of RM12.0 million for the immediate preceding quarter.

30. Commentary on prospects

The Group expects the results for the current year to be favorable subject to the performance of the national and regional economies, fluctuations in main operating costs and foreign exchange movement.

31. Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

32. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The disclosure requirements are not applicable as no announcements or disclosures were published by the Company in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

33. Statement by the Board of Directors on achievability of revenue or profit estimate, forecast, projection or internal targets

The statement of the Board of Directors’ opinion are not required as no announcements or disclosures were published by the Company in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

34. Status of corporate proposals

There were no corporate proposals announced but not completed as at 24 November 2015.

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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

35. Changes in material litigation

As at the date of this announcement, the Group is not engaged in any pending material litigation except for debt recovery actions initiated by the Group against certain of its trade receivables in the normal course of business.

36. Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2015 (30 September 2014: Nil).

37. Disclosure of nature of outstanding derivatives

Please refer to Note 22 for details.

38. Disclosure of gains / losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2015 and 30 September 2014.

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

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

40. Realised and unrealised profits

The breakdown of the retained profits of the Group as at 30 September 2015 and 30 September 2014, into realised and unrealised profits 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 30.09.2015	As at 30.09.2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	274,910	245,856
- Unrealised in respect of		
- gains on fair value changes	15,307	13,595
- deferred tax recognised in the income statement	1,097	1,889
- other items of income and expense	(85)	(2)
	<u>291,229</u>	<u>261,338</u>
Total share of accumulated losses from an associate:		
- Realised	-	(1,926)
	<u>291,229</u>	<u>259,412</u>
Add/(less): Consolidated adjustments	(299)	6,114
Total Group's revenue reserve as per financial statements	<u><u>290,930</u></u>	<u><u>265,526</u></u>

The disclosure of realised and unrealised profits 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

LOW WAI SEE

Secretary

25 November 2015

