

KIM HIN INDUSTRY BERHAD (018203-V)

Interim Financial Report

31 March 2016

Interim Financial Report for the Three-Month Period ended 31 March 2016

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KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2016**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Revenue	11	86,427	88,406	86,427	88,406
Cost of sales		(61,399)	(59,050)	(61,399)	(59,050)
Gross profit		25,028	29,356	25,028	29,356
Other income		6,752	5,086	6,752	5,086
Selling and distribution costs		(6,986)	(5,540)	(6,986)	(5,540)
Administrative expenses		(16,100)	(14,779)	(16,100)	(14,779)
Other expenses		(8,339)	(912)	(8,339)	(912)
Operating profit		355	13,211	355	13,211
Finance costs		(108)	(117)	(108)	(117)
Profit before tax	12	247	13,094	247	13,094
Income tax expense	13	(982)	(1,960)	(982)	(1,960)
(Loss)/profit for the period		(735)	11,134	(735)	11,134
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(7,193)	4,563	(7,193)	4,563
Other comprehensive income for the period, net of tax		(7,193)	4,563	(7,193)	4,563
Total comprehensive income for the period		(7,928)	15,697	(7,928)	15,697

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2016**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
(Loss)/profit attributable to:					
Owners of the Company		(680)	11,017	(680)	11,017
Non-controlling interests		(55)	117	(55)	117
		<u>(735)</u>	<u>11,134</u>	<u>(735)</u>	<u>11,134</u>
Total comprehensive income attributable to:					
Owners of the Company		(6,562)	14,292	(6,562)	14,292
Non-controlling interests		(1,366)	1,405	(1,366)	1,405
		<u>(7,928)</u>	<u>15,697</u>	<u>(7,928)</u>	<u>15,697</u>
(Loss)/earnings per share attributable to owners of the Company:					
- (Loss)/earnings per share for the period (basic/diluted) (sen)	14	<u>(0.48)</u>	<u>7.86</u>	<u>(0.48)</u>	<u>7.86</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
(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2016

Condensed Consolidated Statement of Financial Position

		31.03.2016	31.12.2015
	Note	Unaudited RM'000	Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	217,643	192,571
Investment properties	16	45,542	46,543
Other investments		38,158	64,891
Goodwill on consolidation	17	9,218	9,218
Deferred tax assets		109	109
		<hr/>	<hr/>
		310,670	313,332
		<hr/>	<hr/>
Current assets			
Inventories	18	118,535	120,831
Trade and other receivables		72,695	73,651
Other current assets		5,552	6,043
Tax recoverable		1,636	1,422
Other investments		12,814	12,603
Cash and bank balances	19	43,496	56,749
		<hr/>	<hr/>
		254,728	271,299
		<hr/>	<hr/>
TOTAL ASSETS		565,398	584,631
		<hr/> <hr/>	<hr/> <hr/>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2016**Condensed Consolidated Statement of Financial Position (contd.)**

	Note	31.03.2016 Unaudited RM'000	31.12.2015 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		14,119	20,001
Retained earnings		293,582	294,262
		<hr/>	<hr/>
		490,050	496,612
Non-controlling interests		16,766	18,132
		<hr/>	<hr/>
TOTAL EQUITY		506,816	514,744
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	7,951	8,199
Deferred tax liabilities		541	541
Provisions		874	900
		<hr/>	<hr/>
		9,366	9,640
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	1,009	1,009
Derivative liabilities	22	119	315
Trade and other payables		45,537	55,831
Provisions		1,331	1,331
Tax payable		1,220	1,761
		<hr/>	<hr/>
		49,216	60,247
		<hr/>	<hr/>
TOTAL LIABILITIES		58,582	69,887
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		565,398	584,631
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.49	3.54
		<hr/> <hr/>	<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
(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2016

Condensed 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 expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests ("NCI") RM'000	
			<i>Non-Distributable</i>		<i>Distributable</i>				
At 1 January 2016	155,616	51,042	(24,309)	2,772	17,229	294,262	496,612	18,132	514,744
Profit net of tax	-	-	-	-	-	(680)	(680)	(55)	(735)
Other comparative income	-	-	-	-	(5,882)	-	(5,882)	(1,311)	(7,193)
Total comprehensive income	-	-	-	-	(5,882)	(680)	(6,562)	(1,366)	(7,928)
At 31 March 2016	155,616	51,042	(24,309)	2,772	11,347	293,582	490,050	16,766	506,816
At 1 January 2015	155,616	51,042	(24,309)	2,362	7,126	265,292	457,129	22,312	479,441
Profit net of tax	-	-	-	-	-	11,017	11,017	117	11,134
Other comparative income	-	-	-	-	3,275	-	3,275	1,288	4,563
Total comprehensive income	-	-	-	-	3,275	11,017	14,292	1,405	15,697
At 31 March 2015	155,616	51,042	(24,309)	2,362	10,401	276,309	471,421	23,717	495,138

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

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Interim report for the three-month period ended 31 March 2016**Condensed Consolidated Statement of Cash Flows**

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Operating activities		
Profit before tax	247	13,094
Adjustments for:		
Depreciation of investment properties	233	302
Depreciation of property, plant and equipment	5,031	5,277
Dividend income	(185)	(47)
(Gains)/loss on disposal of other investments	(4,839)	25
Gains on disposal of property, plant and equipment	(217)	(43)
Loss/(gains) on fair value changes	4,956	(2,456)
Impairment loss on trade receivables	16	8
Interest expense	108	117
Interest income	(60)	(73)
Inventories written off	17	22
Property, plant and equipment written off	3	1
Unrealised (gain)/loss on foreign exchange	2,269	(438)
Write-down of inventories provided/(reversed)	384	(293)
Operating cash flows before changes in working capital	7,963	15,496
Changes in working capital:		
Decrease in inventories	965	5,290
Increase in receivables	(367)	(14,487)
Decrease in payables	(8,362)	(4,727)
Cash generated from operations	199	1,572
Interest paid	(108)	(117)
Taxes paid, net of refund	(1,646)	(1,641)
Net cash flows used in operating activities carried forward	(1,555)	(186)

KIM HIN INDUSTRY BHD

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Interim report for the three-month period ended 31 March 2016**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	3 months ended	
		31.03.2016	31.03.2015
		RM'000	RM'000
Net cash flows used in operating activities brought forward		(1,555)	(186)
Investing activities			
Acquisition of property, plant and equipment		(33,280)	(2,127)
Acquisition of other investments		(6,258)	(1,000)
Dividend received		-	41
Interest received		60	73
Proceeds from disposal of other investments		31,625	6,272
Proceeds from disposal of property, plant and equipment		230	62
Net cash flows (used in)/from investing activities		<u>(7,623)</u>	<u>3,321</u>
Financing activities			
Dividend paid		-	(4,207)
Repayment of lease payables		(3)	(3)
Repayment of term loan		(245)	(233)
Net cash flows used in financing activities		<u>(248)</u>	<u>(4,443)</u>
Net decrease in cash and cash equivalents		(9,426)	(1,308)
Effect of foreign exchange rate changes		(2,438)	(57)
Cash and cash equivalents at 1 January		55,360	43,654
Cash and cash equivalents at 31 March	19	<u>43,496</u>	<u>42,289</u>

The condensed 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 31 March 2016 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 2015. 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 2015.

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 2015, except for the adoption of the following with effect from 1 January 2016:

- Annual Improvements to MFRSs 2012 – 2014 Cycle
- Amendments to MFRS 116 and MFRS 138:
Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities:
Applying the Consolidation Exception
- MFRS 14 Regulatory Deferral Accounts

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.

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PART A – Explanatory Notes Pursuant to MFRS 134

4. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the financial quarter ended 31 March 2016.

5. Changes in estimates

There were no changes in estimates of amounts that have had a material effect on the results of the current financial quarter.

6. Debt and equity securities

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares in the current financial quarter.

7. Dividends paid

There was no dividend paid during the financial quarter ended 31 March 2016.

8. Material subsequent events

There were no material event subsequent to the end of the financial quarter reported that have not been reflected in these interim financial statements.

9. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

10. Changes in contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2015.

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Sales of goods	86,242	88,359
Dividend income	185	47
	<u>86,427</u>	<u>88,406</u>

12. Profit before tax

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):		
Depreciation of investment properties	233	302
Depreciation of property, plant and equipment	5,031	5,277
Dividend income	(185)	(47)
(Gain)/loss on disposal of other investments	(4,839)	25
Gain on disposal of property, plant and equipment	(217)	(43)
(Gain)/loss on fair value changes		
- derivatives	(176)	390
- other investments	5,132	(2,846)
Impairment loss on trade receivables	16	8
Interest expense	108	117
Interest income	(60)	(73)
Inventories written off	17	22
Property, plant and equipment written off	3	1
Unrealised (gain)/loss on foreign exchange	2,269	(438)
Write-down of inventories provided/(reversed)	384	(293)
	<u>=====</u>	<u>=====</u>

KIM HIN INDUSTRY BHD

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

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Current income tax:		
Malaysian income tax	791	1,161
Foreign tax	191	89
	<u>982</u>	<u>1,250</u>
Deferred income tax	-	710
Income tax expense for the period	<u><u>982</u></u>	<u><u>1,960</u></u>

The Group's effective tax rate for the current financial quarter ended 31 March 2016 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.

The effective tax rate of the Group for the financial quarter ended 31 March 2015 was lower principally due to utilisation of unused capital allowances which was not previously recognised as deferred tax assets.

14. (Loss)/earnings per share**Basic/Diluted**

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

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
(Loss)/profit, net of tax attributable to owners of the Company (RM'000)	<u>(680)</u>	<u>11,017</u>
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	<u>(15,377)</u>	<u>(15,377)</u>
Weighted average number of ordinary shares in issue ('000)	<u>140,239</u>	<u>140,239</u>
Basic (loss)/earnings per share (sen)	<u><u>(0.48)</u></u>	<u><u>7.86</u></u>

PART A – Explanatory Notes Pursuant to MFRS 134

15. Property, plant and equipment

During the three months ended 31 March 2016, the Group acquired property, plant and equipment at a cost of RM33,280,000 (31 March 2015: RM2,127,000)

The Group disposed of property, plant and equipment with carrying amount of RM13,000 during the quarter ended 31 March 2016 (31 March 2015: RM 19,000), resulting in gain on disposal of RM217,000 (31 March 2015: gains of RM43,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

	31.03.2016	31.03.2015
	RM'000	RM'000
Cost		
At 1 January	50,688	48,002
Translation difference	(871)	70
	<hr/>	<hr/>
At 31 March	49,817	48,072
	<hr/>	<hr/>
Accumulated depreciation		
At 1 January	4,145	2,963
Charge for the period	233	302
Translation difference	(103)	10
	<hr/>	<hr/>
At 31 March	4,275	3,275
	<hr/>	<hr/>
Net carrying amount		
At 31 March	45,542	44,797
	<hr/> <hr/>	<hr/> <hr/>

17. Goodwill on consolidation

	31.03.2016	31.03.2015
	RM'000	RM'000
Cost		
At 1 January /31 March	9,837	9,837
	<hr/>	<hr/>
Accumulated impairment		
At 1 January/31 March	(619)	(619)
	<hr/>	<hr/>
Net carrying amount		
At 31 March	9,218	9,218
	<hr/> <hr/>	<hr/> <hr/>

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PART A – Explanatory Notes Pursuant to MFRS 134**18. Inventories**

During the period ended 31 March 2016, the Group recognised a write-down on inventories of RM384,000 (31 March 2015: reversal on write-down of RM293,000) to net realisable value. This expense or reversal was included in other expenses and other income respectively 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:

	31.03.2016	31.03.2015
	RM'000	RM'000
Cash on hand and at bank	27,385	21,595
Deposits with financial institutions	16,111	20,694
	<hr/>	<hr/>
Cash and cash equivalents	43,496	42,289
	<hr/> <hr/>	<hr/> <hr/>

20. Share capital, share premium and treasury shares*Issue of shares*

There was no issuance of ordinary shares during the current financial quarter.

Treasury shares

During the current financial quarter, the Company has not purchased any of its own shares.

Of the total 155,616,013 (31 March 2015: 155,616,013) issued and fully paid ordinary shares as at 31 March 2016, 15,376,900 (31 March 2015: 15,376,900) are held as treasury shares by the Company. As at 31 March 2016, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 March 2015: 140,239,113) ordinary shares of RM1 each.

PART A – Explanatory Notes Pursuant to MFRS 134

21. Borrowings and debt securities

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

	31.03.2016	31.03.2015
	RM'000	RM'000
<i>Financial lease liabilities</i>		
Current	14	14
Non-current	3	17
	<u>17</u>	<u>31</u>
<i>Term loan, secured</i>		
Current	995	950
Non-current	7,948	8,954
	<u>8,943</u>	<u>9,904</u>
Total borrowings	<u><u>8,960</u></u>	<u><u>9,935</u></u>

22. Derivative assets/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 31 March 2016 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>13,776</u>	<u>13,895</u>	<u>(119)</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.

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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 31 March 2016 was as follows:

	31.03.2016	31.03.2015
	RM'000	RM'000
Authorised and contracted for	804	4,089
	<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:

	31.03.2016		31.03.2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Interest-bearing borrowings:				
- Financial lease liabilities	3	3	17	17
- Term loan	7,948	7,948	8,954	8,954
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>7,951</u>	<u>7,951</u>	<u>8,971</u>	<u>8,971</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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PART A – Explanatory Notes Pursuant to MFRS 134**25. Financial instruments (contd.)***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.

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31.03.2016				
Financial assets				
Other investments				
- unit trust funds	38,158	38,158	-	-
- unquoted structure products	12,814	-	-	12,814
	<u>50,972</u>	<u>38,158</u>	<u>-</u>	<u>12,814</u>
Financial liabilities				
Derivative liabilities	119	-	119	-
	<u>119</u>	<u>-</u>	<u>119</u>	<u>-</u>
31.03.2015				
Financial assets				
Other investments				
- unit trust funds	51,318	51,318	-	-
- unquoted structure products	16,414	-	-	16,414
	<u>67,732</u>	<u>51,318</u>	<u>-</u>	<u>16,414</u>
Financial liabilities				
Derivative liabilities	1,096	-	1,096	-
	<u>1,096</u>	<u>-</u>	<u>1,096</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.

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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 three-month period ended 31 March 2016 and 31 March 2015:

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	499	499
Insurance commission earned as insurance agent	76	36
Sale of ceramic tiles	-	39
A subsidiary of holding company,		
Kam Kam (Sanitaryware) Sdn Bhd		
Purchases of sanitary ware for resale	277	716
Purchases of raw materials for production use	62	-
Directors' interest		
Sale of ceramic tiles	1	17
Renovation and maintenance costs	136	17
Purchase of ceramic tiles for resale	2,254	1,769
	<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.

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 quarter is as follows:

	Malaysia Operation RM'000	China Operation RM'000	Australia Operation RM'000	Vietnam Operation RM'000	Total RM'000
31.03.2016					
<i>Segment Revenue</i>					
Total sales	60,375	15,085	14,903	630	90,993
Inter-segment sales	(4,294)	(272)	-	-	(4,566)
	<u>56,081</u>	<u>14,813</u>	<u>14,903</u>	<u>630</u>	<u>86,427</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	812	73	(429)	(101)	355
Finance cost	(108)	-	-	-	(108)
Profit/(loss) before tax	704	73	(429)	(101)	247
Income tax expense	(791)	(191)	-	-	(982)
Loss for the period	(87)	(118)	(429)	(101)	(735)
Non-controlling interest	-	25	-	30	55
Loss attributable to owners of the parent	<u>(87)</u>	<u>(93)</u>	<u>(429)</u>	<u>(71)</u>	<u>(680)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2016:

	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	407,862	88,310	66,205	3,021	565,398
Inter-segment assets	-	-	-	-	-
	<u>407,862</u>	<u>88,310</u>	<u>66,205</u>	<u>3,021</u>	<u>565,398</u>
<i>Segment Liabilities</i>					
Total liabilities	30,690	6,910	18,089	2,902	58,591
Inter-segment liabilities	-	-	-	-	-
	<u>30,690</u>	<u>6,910</u>	<u>18,089</u>	<u>2,902</u>	<u>58,591</u>

KIM HIN INDUSTRY BHD

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

The information for each of the Group's geographical segments for the preceding year's corresponding financial quarter is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.03.2015					
<i>Segment Revenue</i>					
Total sales	66,962	12,221	14,176	226	93,585
Inter-segment sales	(5,033)	(146)	-	-	(5,179)
	<u>61,929</u>	<u>12,075</u>	<u>14,176</u>	<u>226</u>	<u>88,406</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	13,080	587	(338)	(118)	13,211
Finance cost	(117)	-	-	-	(117)
Profit/(loss) before tax	12,963	587	(338)	(118)	13,094
Income tax expense	(1,908)	(52)	-	-	(1,960)
Profit/(loss) for the period	11,055	535	(338)	(118)	11,134
Non-controlling interest	-	(153)	-	36	(117)
Profit/(loss) attributable to owners of the parent	<u>11,055</u>	<u>382</u>	<u>(338)</u>	<u>(82)</u>	<u>11,017</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 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	396,639	91,326	62,221	1,411	551,597
Inter-segment assets	-	-	-	-	-
	<u>396,639</u>	<u>91,326</u>	<u>62,221</u>	<u>1,411</u>	<u>551,597</u>
<i>Segment Liabilities</i>					
Total liabilities	25,161	8,517	21,613	1,168	56,459
Inter-segment liabilities	-	-	-	-	-
	<u>25,161</u>	<u>8,517</u>	<u>21,613</u>	<u>1,168</u>	<u>56,459</u>

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

28. Performance review

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

During the current financial quarter under review, revenue of the Group declined marginally to RM86.4 million from RM88.4 million as compared with the preceding year's corresponding financial quarter ended 31 March 2015.

The Group's Malaysia operation registered a decline in revenue due to lower demands in the current financial quarter.

The Group registered a profit before tax of RM0.2 million for the current financial quarter as compared to RM13.1 million in the first quarter of the previous financial year due to unfavorable foreign exchange movements and reduced profit margin.

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 declined from RM97.7 million to RM86.4 million, due to seasonal factors as disclosed in Note 3, which normally affects the sales in the first quarter.

The Group recorded a profit before tax of RM0.2 million for the current financial quarter under review as compared to a profit before tax of RM8.2 million for the immediate preceding quarter, mainly due to reduced sales revenue, lower profit margin and unfavorable foreign exchange movements.

30. Commentary on prospects

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

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

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 25 May 2016.

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 31 March 2016 (31 March 2015: 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 31 March 2016 and 31 March 2015.

KIM HIN INDUSTRY BHD

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PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**39. Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

40. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 March 2016 and 31 March 2015, into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31.03.2016 RM’000	As at 31.03.2015 RM’000
Total retained earnings of the Company and its subsidiaries		
- Realised	280,626	257,488
- Unrealised in respect of		
- gains on fair value changes	13,374	17,189
- deferred tax recognised in the income statement	(432)	1,737
- other items of income and expense	-	(85)
	<u>293,568</u>	<u>276,329</u>
Less: Consolidated adjustments	14	(20)
Total Group’s retained earnings as per financial statements	<u><u>293,582</u></u>	<u><u>276,309</u></u>

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**LOW WAI SEE**

Secretary

26 May 2016