

**KIM HIN INDUSTRY BERHAD** (018203-V)

**Interim Financial Report**

30 June 2016

**Interim Financial Report for the Six-Month Period ended 30 June 2016**

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**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the six-month period ended 30 June 2016****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Revenue	11	96,990	89,475	183,417	177,881
Cost of sales		(68,066)	(58,802)	(129,465)	(117,853)
<b>Gross profit</b>		28,924	30,673	53,952	60,028
Other income		5,010	3,171	11,762	8,257
Selling and distribution costs		(6,851)	(6,480)	(13,837)	(12,019)
Administrative expenses		(15,886)	(14,724)	(31,986)	(29,503)
Other expenses		(3,122)	(553)	(11,461)	(1,465)
<b>Operating profit</b>		8,075	12,087	8,430	25,298
Finance costs		(179)	(116)	(287)	(233)
<b>Profit before tax</b>	12	7,896	11,971	8,143	25,065
Income tax expense	13	(3,120)	(1,360)	(4,102)	(3,320)
<b>Profit for the period</b>		4,776	10,611	4,041	21,745
<b>Other comprehensive income:</b>					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		88	1,932	(7,105)	6,495
<b>Other comprehensive income for the period, net of tax</b>		88	1,932	(7,105)	6,495
<b>Total comprehensive income for the period</b>		4,864	12,543	(3,064)	28,240

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the six-month period ended 30 June 2016****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		4,215	10,074	3,535	21,091
Non-controlling interests		561	537	506	654
		<u>4,776</u>	<u>10,611</u>	<u>4,041</u>	<u>21,745</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,348	11,545	(2,214)	25,837
Non-controlling interests		516	998	(850)	2,403
		<u>4,864</u>	<u>12,543</u>	<u>(3,064)</u>	<u>28,240</u>
<b>Earnings per share attributable to owners of the Company:</b>					
- Earnings per share for the period (basic/diluted) (sen)	14	<u>3.00</u>	<u>7.18</u>	<u>2.52</u>	<u>15.04</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 six-month period ended 30 June 2016****Condensed Consolidated Statement of Financial Position**

		<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	216,616	192,571
Investment properties	16	45,101	46,543
Other investments		45,837	64,891
Goodwill on consolidation	17	9,218	9,218
Deferred tax assets		109	109
		<hr/>	<hr/>
		316,881	313,332
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	18	115,197	120,831
Trade and other receivables		78,828	73,651
Other current assets		4,713	6,043
Tax recoverable		1,413	1,422
Other investments		9,120	12,603
Cash and bank balances	19	59,522	56,749
		<hr/>	<hr/>
		268,793	271,299
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>585,674</b>	<b>584,631</b>
		<hr/> <hr/>	<hr/> <hr/>

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the six-month period ended 30 June 2016****Condensed Consolidated Statement of Financial Position (contd.)**

	Note	30.06.2016 Unaudited RM'000	31.12.2015 Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	155,616	155,616
Share premium	20	51,042	51,042
Treasury shares	20	(24,309)	(24,309)
Other reserves		14,252	20,001
Retained earnings		293,590	294,262
		<hr/>	<hr/>
		490,191	496,612
<b>Non-controlling interests</b>		16,428	18,132
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		506,619	514,744
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	25,765	8,199
Deferred tax liabilities		541	541
Provisions		867	900
		<hr/>	<hr/>
		27,173	9,640
		<hr/>	<hr/>
<b>Current liabilities</b>			
Loans and borrowings	21	2,797	1,009
Derivative liabilities	22	11	315
Trade and other payables		45,417	55,831
Provisions		1,453	1,331
Tax payable		2,204	1,761
		<hr/>	<hr/>
		51,882	60,247
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		79,055	69,887
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		585,674	584,631
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.50	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 six-month period ended 30 June 2016

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company				Distributable		Non-controlling interests ("NCI")	Total equity
	Share capital	Share premium	Treasury shares	Reserve and expansion funds	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	155,616	51,042	(24,309)	2,772	17,229	294,262	18,132	514,744
Profit net of tax	-	-	-	-	-	3,535	506	4,041
Other comparative income	-	-	-	-	(5,749)	-	(1,356)	(7,105)
Total comprehensive income	-	-	-	-	(5,749)	3,535	(850)	(3,064)
Dividend paid	-	-	-	-	(4,207)	(4,207)	-	(4,207)
Dividend paid to NCI	-	-	-	-	-	-	(854)	(854)
Transfer between reserves	-	-	-	(2)	2	-	-	-
<b>At 30 June 2016</b>	155,616	51,042	(24,309)	2,770	11,482	293,590	16,428	506,619

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

**Interim report for the six-month period ended 30 June 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	Non-controlling interests ("NCI") RM'000	Total RM'000	
<b>At 1 January 2015</b>	155,616	51,042	(24,309)	2,362	7,126	265,292	22,312	479,441	
Profit net of tax	-	-	-	-	-	21,091	654	21,745	
Other comparative income	-	-	-	-	4,746	-	1,749	6,495	
Total comprehensive income	-	-	-	-	4,746	21,091	2,403	28,240	
<b>At 30 June 2015</b>	155,616	51,042	(24,309)	2,362	11,872	286,383	24,715	507,681	

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**

(Company No: 018203-V)

**Interim report for the six-month period ended 30 June 2016****Condensed Consolidated Statement of Cash Flows**

		6 months ended	
	Note	30.06.2016	30.06.2015
		RM'000	RM'000
<b>Operating activities</b>			
Profit before tax		8,143	25,065
Adjustments for:			
Depreciation of investment properties		463	415
Depreciation of property, plant and equipment		10,168	10,426
Dividend income		(630)	(151)
(Gains)/loss on disposal of other investments		(7,538)	25
Gains on disposal of property, plant and equipment		(25)	(42)
Loss/(gains) on fair value changes		7,175	(3,348)
Impairment loss on trade receivables		25	125
Interest expense		287	233
Interest income		(220)	(494)
Inventories written off		28	40
Property, plant and equipment written off		4	1
Unrealised (gain)/loss on foreign exchange		2,206	(1,239)
Write-down of inventories provided/(reversed)		627	317
Operating cash flows before changes in working capital		20,713	31,373
Changes in working capital:			
Decrease in inventories		3,912	1,765
Increase in receivables		(5,400)	(12,018)
Decrease in payables		(8,339)	(7,997)
Cash generated from operations		10,886	13,123
Interest paid		(287)	(233)
Taxes paid, net of refund		(3,550)	(3,142)
Net cash flows from operating activities carried forward		7,049	9,748

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

**Interim report for the six-month period ended 30 June 2016**

**Condensed Consolidated Statement of Cash Flows (contd.)**

	<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash flows from operating activities brought forward	7,049	9,748
<b>Investing activities</b>		
Acquisition of investment properties	-	(9)
Acquisition of property, plant and equipment	(37,700)	(5,369)
Acquisition of other investments	(21,028)	(2,916)
Dividend received	223	20
Interest received	220	494
Proceeds from disposal of other investments	43,050	6,272
Proceeds from disposal of property, plant and equipment	226	62
Net cash flows used in investing activities	<u>(15,009)</u>	<u>(1,446)</u>
<b>Financing activities</b>		
Dividend paid	(4,207)	(4,207)
Dividend paid to non-controlling interest	(854)	-
Repayment of lease payables	(7)	(6)
Repayment of term loan	(639)	(470)
Term loan obtained	20,000	-
Net cash flows from/(used in) financing activities	<u>14,293</u>	<u>(4,683)</u>
<b>Net increase in cash and cash equivalents</b>	<b>6,333</b>	<b>3,619</b>
<b>Effect of foreign exchange rate changes</b>	<b>(2,171)</b>	<b>649</b>
<b>Cash and cash equivalents at 1 January</b>	<b>55,360</b>	<b>43,654</b>
<b>Cash and cash equivalents at 30 June</b>	<b>19</b> <u>59,522</u>	<b>47,922</b> <u>47,922</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 30 June 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.

## **KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

### **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 period ended 30 June 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 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 in the current financial period.

#### **7. Dividends paid**

An interim dividend in respect of the financial year ended 31 December 2015, 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 13 May 2016.

#### **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 that the final meeting of Miyama Ceramic Sdn Bhd, a wholly owned subsidiary of the Group placed under members' voluntary liquidation, had convened on 11 July 2016.

#### **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**

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000	RM'000	RM'000
Sales of goods	96,545	89,371	182,787	177,730
Dividend income	445	104	630	151
	<u>96,990</u>	<u>89,475</u>	<u>183,417</u>	<u>177,881</u>

**12. Profit before tax**

	<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):		
Depreciation of investment properties	463	415
Depreciation of property, plant and equipment	10,168	10,426
(Gain)/loss on disposal of other investments	(7,538)	25
Gain on disposal of property, plant and equipment	(25)	(42)
(Gain)/loss on fair value changes		
- derivatives	(285)	327
- other investments	7,460	(3,675)
Impairment loss on trade receivables	25	125
Interest expense	287	233
Interest income	(220)	(494)
Inventories written off	28	40
Property, plant and equipment written off	4	1
Unrealised loss/(gain) on foreign exchange	2,206	(1,239)
Write-down of inventories provided	627	317
	<u>        </u>	<u>        </u>

**PART A – Explanatory Notes Pursuant to MFRS 134**

**13. Income tax expense**

	<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	2,596	2,088
Foreign tax	1,506	594
	<u>4,102</u>	<u>2,682</u>
Deferred income tax	-	638
Income tax expense for the period	<u><u>4,102</u></u>	<u><u>3,320</u></u>

The Group's effective tax rate for the current financial period ended 30 June 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 period ended 30 June 2015 was lower 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:

	<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
Profit, net of tax attributable to owners of the Company (RM'000)	<u>3,535</u>	<u>21,091</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 earnings per share (sen)	<u><u>2.52</u></u>	<u><u>15.04</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 six months ended 30 June 2016, the Group acquired property, plant and equipment at a cost of RM37,700,000 (30 June 2015: RM5,369,000)

The Group disposed of property, plant and equipment with carrying amount of RM201,000 during the period ended 30 June 2016 (30 June 2015: RM 20,000), resulting in gain on disposal of RM25,000 (30 June 2015: gains of RM42,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	50,688	48,002
Addition	-	9
Translation difference	(1,110)	584
At 30 June	<u>49,578</u>	<u>48,595</u>
<b>Accumulated depreciation</b>		
At 1 January	4,145	2,963
Charge for the period	463	415
Translation difference	(131)	64
At 30 June	<u>4,477</u>	<u>3,442</u>
<b>Net carrying amount</b>		
At 30 June	<u><u>45,101</u></u>	<u><u>45,153</u></u>

**17. Goodwill on consolidation**

	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January /30 June	<u>9,837</u>	<u>9,837</u>
<b>Accumulated impairment</b>		
At 1 January/30 June	<u>(619)</u>	<u>(619)</u>
<b>Net carrying amount</b>		
At 30 June	<u><u>9,218</u></u>	<u><u>9,218</u></u>

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

During the period ended 30 June 2016, the Group recognised a write-down on inventories of RM627,000 (30 June 2015: write-down of RM317,000) 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:

	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
Cash on hand and at bank	33,230	34,361
Deposits with financial institutions	26,292	13,561
	<u>59,522</u>	<u>47,922</u>
Cash and cash equivalents	<u><u>59,522</u></u>	<u><u>47,922</u></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 June 2015: 155,616,013) issued and fully paid ordinary shares as at 30 June 2016, 15,376,900 (30 June 2015: 15,376,900) are held as treasury shares by the Company. As at 30 June 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.

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**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:

	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
<i>Financial lease liabilities</i>		
Current	14	14
Non-current	-	14
	<u>14</u>	<u>28</u>
<i>Term loan, secured</i>		
Current	2,783	950
Non-current	25,765	8,718
	<u>28,548</u>	<u>9,668</u>
Total borrowings	<u><u>28,562</u></u>	<u><u>9,696</u></u>

**22. Derivative assets/liabilities**

As at the end of the current financial period, 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 June 2016 are tabulated below.

	<b>Contract Value</b>	<b>Fair Value</b>	<b>Gain/(loss) on fair value changes</b>	<b>Reason for gain/(loss)</b>
	RM'000	RM'000	RM'000	
Maturity within 1 year	<u>7,108</u>	<u>7,119</u>	<u>(11)</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.

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**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 June 2016 was as follows:

	<b>30.06.2016</b>	<b>30.06.2015</b>
	RM'000	RM'000
Authorised and contracted for	1,617	2,389
	<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:

	<b>30.06.2016</b>		<b>30.06.2015</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	RM'000	RM'000	RM'000	RM'000
<b>Financial liabilities</b>				
Interest-bearing borrowings:				
- Financial lease liabilities	-	-	14	14
- Term loan	25,765	25,765	8,718	8,718
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>25,765</u>	<u>25,765</u>	<u>8,732</u>	<u>8,732</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**KIM HIN INDUSTRY BHD**

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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
<b>30.06.2016</b>				
<b>Financial assets</b>				
Other investments				
- unit trust funds	45,837	45,837	-	-
- unquoted structure products	9,120	-	-	9,120
	<u>54,957</u>	<u>45,837</u>	<u>-</u>	<u>9,120</u>
<b>Financial liabilities</b>				
Derivative liabilities	11	-	11	-
	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>
<b>30.06.2015</b>				
<b>Financial assets</b>				
Other investments				
- unit trust funds	54,189	54,189	-	-
- unquoted structure products	16,773	-	-	16,773
	<u>70,962</u>	<u>54,189</u>	<u>-</u>	<u>16,773</u>
<b>Financial liabilities</b>				
Derivative liabilities	1,039	-	1,039	-
	<u>1,039</u>	<u>-</u>	<u>1,039</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 30 June 2016 and 30 June 2015:

	<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Insurance commission earned as insurance agent	113	114
Rental of office and warehouse	998	998
Sale of ceramic tiles	-	33
A subsidiary of holding company, Kam Kam (Sanitaryware) Sdn Bhd		
Purchases of sanitary ware for resale	634	910
Purchases of raw materials for production use	91	7
Directors' interest		
Purchase of ceramic tiles for resale	4,117	3,779
Renovation and maintenance costs	481	59
Rental of office and warehouse	272	-
Sale of ceramic tiles	2	17
	<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.

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**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:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.06.2016</b>					
<i>Segment Revenue</i>					
Total sales	125,105	33,468	31,228	1,827	191,628
Inter-segment sales	(7,748)	(463)	-	-	(8,211)
	<u>117,357</u>	<u>33,005</u>	<u>31,228</u>	<u>1,827</u>	<u>183,417</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	5,347	3,697	(527)	(87)	8,430
Finance cost	(287)	-	-	-	(287)
Profit/(loss) before tax	5,060	3,697	(527)	(87)	8,143
Income tax expense	(3,001)	(1,101)	-	-	(4,102)
Profit/(loss) for the period	2,059	2,596	(527)	(87)	4,041
Non-controlling interest	-	(532)	-	26	(506)
Profit/(loss) attributable to owners of the parent	<u>2,059</u>	<u>2,064</u>	<u>(527)</u>	<u>(61)</u>	<u>3,535</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2016:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	430,081	87,945	64,227	3,421	585,674
Inter-segment assets	-	-	-	-	-
	<u>430,081</u>	<u>87,945</u>	<u>64,227</u>	<u>3,421</u>	<u>585,674</u>
<i>Segment Liabilities</i>					
Total liabilities	49,612	8,171	17,987	3,285	79,055
Inter-segment liabilities	-	-	-	-	-
	<u>49,612</u>	<u>8,171</u>	<u>17,987</u>	<u>3,285</u>	<u>79,055</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:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.06.2015</b>					
<i>Segment Revenue</i>					
Total sales	129,256	28,730	29,098	695	187,779
Inter-segment sales	(9,576)	(322)	-	-	(9,898)
	<u>119,680</u>	<u>28,408</u>	<u>29,098</u>	<u>695</u>	<u>177,881</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	22,311	3,074	87	(174)	25,298
Finance cost	(233)	-	-	-	(233)
Profit/(loss) before tax	22,078	3,074	87	(174)	25,065
Income tax expense	(2,726)	(594)	-	-	(3,320)
Profit/(loss) for the period	19,352	2,480	87	(174)	21,745
Non-controlling interest	-	(706)	-	52	(654)
Profit/(loss) attributable to owners of the parent	<u>19,352</u>	<u>1,774</u>	<u>87</u>	<u>(122)</u>	<u>21,091</u>

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

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	402,307	94,734	64,673	1,707	563,421
Inter-segment assets	-	-	-	-	-
	<u>402,307</u>	<u>94,734</u>	<u>64,673</u>	<u>1,707</u>	<u>563,421</u>
<i>Segment Liabilities</i>					
Total liabilities	21,460	8,391	24,364	1,525	55,740
Inter-segment liabilities	-	-	-	-	-
	<u>21,460</u>	<u>8,391</u>	<u>24,364</u>	<u>1,525</u>	<u>55,740</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 to RM183.4 million from RM177.9 million as compared with the preceding year's corresponding financial period ended 30 June 2015.

The increase in revenue was contributed by the better performance in all geographical segments except Malaysia. The Group's Malaysia operation registered a decline in revenue due to lower demands in the current financial period.

The Group registered a profit before tax of RM8.1 million for the current financial period as compared to RM25.1 million recorded in the preceding year's corresponding financial period 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 increased sequentially from RM86.4 million to RM97.0 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 RM7.9 million for the current financial quarter under review as compared to a profit before tax of RM0.2 million for the immediate preceding quarter, mainly due to increased sales revenue in the current financial quarter and favorable foreign exchange movements recorded in the current quarter.

#### **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.

**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**

**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 August 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 30 June 2016 (30 June 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**

(Company No: 018203-V)

**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 30 June 2016 and 30 June 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.

	<b>As at 30.06.2016 RM’000</b>	<b>As at 30.06.2015 RM’000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	282,471	267,915
- Unrealised in respect of		
- gains on fair value changes	11,154	16,421
- deferred tax recognised in the income statement	(432)	1,809
- other items of income and expense	-	(85)
	<u>293,193</u>	<u>286,060</u>
Add: Consolidated adjustments	397	323
	<u>293,590</u>	<u>286,383</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

25 August 2016

