

KIM HIN INDUSTRY BERHAD (018203-V)

Interim Financial Report

31 March 2017

Interim Financial Report for the three-month period ended 31 March 2017

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KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2017**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
		31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Revenue	11	94,810	86,427	94,810	86,427
Cost of sales		(65,466)	(61,399)	(65,466)	(61,399)
Gross profit		29,344	25,028	29,344	25,028
Other income		6,232	1,913	6,232	1,913
Selling and distribution costs		(11,900)	(6,986)	(11,900)	(6,986)
Administrative expenses		(17,376)	(16,100)	(17,376)	(16,100)
Other expenses		(2,773)	(3,500)	(2,773)	(3,500)
Operating profit		3,527	355	3,527	355
Finance costs		(397)	(108)	(397)	(108)
Profit before tax	12	3,130	247	3,130	247
Income tax expense	13	(1,148)	(982)	(1,148)	(982)
Profit/(loss) for the period		1,982	(735)	1,982	(735)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		1,218	(7,193)	1,218	(7,193)
Other comprehensive income for the period, net of tax		1,218	(7,193)	1,218	(7,193)
Total comprehensive income for the period		3,200	(7,928)	3,200	(7,928)

KIM HIN INDUSTRY BHD

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Interim report for the three-month period ended 31 March 2017**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Note	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to:				
Owners of the Company	1,815	(680)	1,815	(680)
Non-controlling interests	167	(55)	167	(55)
	<u>1,982</u>	<u>(735)</u>	<u>1,982</u>	<u>(735)</u>
	<u><u>1,982</u></u>	<u><u>(735)</u></u>	<u><u>1,982</u></u>	<u><u>(735)</u></u>
Total comprehensive income attributable to:				
Owners of the Company	3,145	(6,562)	3,145	(6,562)
Non-controlling interests	55	(1,366)	55	(1,366)
	<u>3,200</u>	<u>(7,928)</u>	<u>3,200</u>	<u>(7,928)</u>
	<u><u>3,200</u></u>	<u><u>(7,928)</u></u>	<u><u>3,200</u></u>	<u><u>(7,928)</u></u>
Earnings/(loss) per share attributable to owners of the Company:				
- Earnings/(loss) per share for the period (basic/diluted) (sen)	14			
		1.29	(0.48)	1.29
		<u>1.29</u>	<u>(0.48)</u>	<u>1.29</u>
		<u><u>1.29</u></u>	<u><u>(0.48)</u></u>	<u><u>1.29</u></u>

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

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

Interim report for the three-month period ended 31 March 2017

Condensed Consolidated Statement of Financial Position

	Note	31.03.2017 Unaudited RM'000	31.12.2016 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	224,989	222,945
Investment properties	16	47,553	46,617
Other investments		34,834	42,207
Goodwill on consolidation	17	19,329	18,852
Deferred tax assets		4,227	4,160
		<hr/>	<hr/>
		330,932	334,781
		<hr/>	<hr/>
Current assets			
Inventories	18	155,322	154,903
Trade and other receivables		79,120	87,212
Other current assets		2,722	5,135
Tax recoverable		2,646	1,919
Other investments		8,344	11,627
Cash and bank balances	19	57,433	60,984
		<hr/>	<hr/>
		305,587	321,780
		<hr/>	<hr/>
TOTAL ASSETS		636,519 <hr/> <hr/>	656,561 <hr/> <hr/>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the three-month period ended 31 March 2017**Condensed Consolidated Statement of Financial Position (contd.)**

		31.03.2017	31.12.2016
		Unaudited	Audited
	Note	RM'000	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		20,978	19,648
Retained earnings		313,364	311,549
		<hr/>	<hr/>
		516,691	513,546
Non-controlling interests		19,096	19,041
		<hr/>	<hr/>
TOTAL EQUITY		535,787	532,587
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	24,023	24,844
Deferred tax liabilities		556	556
Provisions		1,168	1,218
Deferred capital grant		547	598
		<hr/>	<hr/>
		26,294	27,216
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	6,339	8,114
Trade and other payables		62,227	81,674
Provisions		3,002	3,019
Deferred capital grant		203	203
Tax payable		2,667	3,748
		<hr/>	<hr/>
		74,438	96,758
		<hr/>	<hr/>
TOTAL LIABILITIES		100,732	123,974
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		636,519	656,561
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.68	3.66
		<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 2017

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	
At 1 January 2017	155,616	51,042	(24,309)	3,675	15,973	311,549	513,546	19,041	532,587
Profit net of tax	-	-	-	-	-	1,815	1,815	167	1,982
Other comparative income	-	-	-	-	1,330	-	1,330	(112)	1,218
Total comprehensive income	-	-	-	-	1,330	1,815	3,145	55	3,200
At 31 March 2017	155,616	51,042	(24,309)	3,675	17,303	313,364	516,691	19,096	535,787
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

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 2017**Condensed Consolidated Statement of Cash Flows**

	Note	12 months ended	
		31.03.2017	31.03.2016
		RM'000	RM'000
Operating activities			
Profit before tax		3,130	247
Adjustments for:			
Depreciation of investment properties		220	233
Depreciation of property, plant and equipment		5,556	5,031
Dividend income		(83)	(185)
(Gains)/loss on disposal of other investments		(225)	261
Gains on disposal of property, plant and equipment		(191)	(217)
Gains on fair value changes		(1,654)	(144)
Impairment loss on trade receivables		10	16
Interest expense		397	108
Interest income		(22)	(60)
Inventories written off		15	17
Provision for annual leave		(7)	-
Property, plant and equipment written off		-	3
Unrealised (gain)/loss on foreign exchange		(1,036)	2,269
Write-down of inventories provided/(reversed)		1,017	384
Operating cash flows before changes in working capital		7,127	7,963
Changes in working capital:			
Decrease in inventories		89	965
Decrease/(increase) in receivables		10,848	(367)
Decrease in payables		(20,841)	(8,362)
Cash (used in)/generated from operations		(2,777)	199
Interest paid		(397)	(108)
Taxes paid, net of refund		(2,965)	(1,646)
Net cash flows used in operating activities carried forward		(6,139)	(1,555)

Interim report for the three-month period ended 31 March 2017

Condensed Consolidated Statement of Cash Flows (contd.)

	Note	3 months ended	
		31.03.2017 RM'000	31.03.2016 RM'000
Net cash flows used in operating activities brought forward		(6,139)	(1,555)
Investing activities			
Acquisition of property, plant and equipment		(7,706)	(33,280)
Acquisition of other investments		-	(6,258)
Dividend received		-	-
Interest received		22	60
Proceeds from disposal of other investments		12,556	31,625
Proceeds from disposal of property, plant and equipment		346	230
(Placement)/withdrawal in short-term deposits with maturity more than 3 months		(8,832)	403
Net cash flows used in investing activities		<u>(3,614)</u>	<u>(7,220)</u>
Financing activities			
Repayment of lease payables		(357)	(3)
Repayment of term loan		(2,963)	(245)
Net cash flows used in financing activities		<u>(3,320)</u>	<u>(248)</u>
Net decrease in cash and cash equivalents		(13,073)	(9,023)
Effect of foreign exchange rate changes		182	(2,438)
Cash and cash equivalents at 1 January		49,721	44,662
Cash and cash equivalents at 31 March	19	<u><u>36,830</u></u>	<u><u>33,201</u></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

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PART A – Explanatory Notes Pursuant to MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements, for the three-month period ended 31 March 2017 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 2016. 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 2016.

2. Changes in accounting policies

The significant accounting policies adopted by the Group in the condensed consolidated interim financial statements are consistent with those of the Group’s audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following with effect from 1 January 2017:

- Annual Improvements to MFRSs 2014-2016 Cycle: Amendments to MFRS 12: Disclosure of Interests in Other Entities
- Amendments to MFRS 107: Disclosure Initiatives
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

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 quarter ended 31 March 2017.

KIM HIN INDUSTRY BHD

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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 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 during the current financial quarter.

7. Dividends paid

There was no dividend paid during the financial quarter ended 31 March 2017.

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 2016.

11. Revenue

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Sales of goods	94,727	86,242
Dividend income	83	185
	<hr/>	<hr/>
	94,810	86,427
	<hr/> <hr/>	<hr/> <hr/>

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PART A – Explanatory Notes Pursuant to MFRS 134**12. Profit before tax**

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Profit for the three-month period is arrived at after charging/ (crediting):		
Depreciation of investment properties	220	233
Depreciation of property, plant and equipment	5,556	5,031
Dividend income	(83)	(185)
(Gains)/loss on disposal of other investments	(225)	261
Gains on disposal of property, plant and equipment	(191)	(217)
(Gains)/loss on fair value changes		
- derivatives	-	(176)
- other investments	(1,654)	32
Impairment loss on trade receivables	10	16
Interest expense	397	108
Interest income	(22)	(60)
Inventories written off	15	17
Property, plant and equipment written off	-	3
Unrealised (gain)/loss on foreign exchange	(1,036)	2,269
Write-down on inventories provided	1,017	384
	<u>=====</u>	<u>=====</u>

13. Income tax expense

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Current income tax:		
Malaysian income tax	401	791
Foreign tax	747	191
	<u>1,148</u>	<u>982</u>
Deferred income tax	-	-
	<u>1,148</u>	<u>982</u>
Income tax expense for the period	<u>=====</u>	<u>=====</u>

The Group's effective tax rate for both current financial quarter ended 31 March 2017 and the preceding year's corresponding quarter 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.

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PART A – Explanatory Notes Pursuant to MFRS 134**14. Earnings per share****Basic/Diluted**

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

There is no dilutive effect of all potential ordinary shares.

The following reflect the profit/(loss) and share data used in the computation of basic (loss)/earnings per share:

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Profit/(loss), net of tax attributable to owners of the Company (RM'000)	<u>1,815</u>	<u>(680)</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/(loss) per share (sen)	<u><u>1.29</u></u>	<u><u>(0.48)</u></u>

15. Property, plant and equipment

During the current financial quarter, the Group acquired property, plant and equipment at a cost of RM7,706,000 (31 March 2016: RM33,280,000)

The Group disposed of property, plant and equipment with carrying amount of RM155,000 during the three-month period (31 March 2016: RM13,000), resulting in gains on disposal of RM191,000 (31 March 2016: gains of RM217,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

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PART A – Explanatory Notes Pursuant to MFRS 134**16. Investment properties**

	31.03.2017	31.12.2016
	RM'000	RM'000
Cost		
At 1 January	51,812	50,688
Translation difference	1,341	1,124
	<u>53,153</u>	<u>51,812</u>
Accumulated depreciation		
At 1 January	5,195	4,145
Charge for the period	220	887
Translation difference	185	163
	<u>5,600</u>	<u>5,195</u>
Net carrying amount		
At 31 March/31 December	<u><u>47,553</u></u>	<u><u>46,617</u></u>

17. Goodwill on consolidation

	31.03.2017	31.12.2016
	RM'000	RM'000
Cost		
At 1 January /31 March	9,838	9,838
Acquisition of subsidiaries	9,375	9,375
Translation differences	736	259
	<u>19,949</u>	<u>19,472</u>
Accumulated impairment		
At 31 March/31 December	<u>(620)</u>	<u>(620)</u>
Net carrying amount		
At 31 March/31 December	<u><u>19,329</u></u>	<u><u>18,852</u></u>

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

During the current financial quarter ended 31 March 2017, the Group recognised a write-down on inventories of RM1,017,000 (31 March 2016: a write-down of RM384,000) 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 cash equivalents

Cash and cash equivalents comprised the following amounts:

	31.03.2017	31.12.2016
	RM'000	RM'000
Cash on hand and at bank	37,254	49,667
Deposits with financial institutions	20,179	11,317
	<hr/>	<hr/>
Cash and bank balances	57,433	60,984
Bank overdrafts (Note 21)	(1,188)	(680)
	<hr/>	<hr/>
Deposits with maturity more than 3 months	56,245	60,304
	(19,415)	(10,583)
	<hr/>	<hr/>
Cash and cash equivalents	36,830	49,721
	<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 2016: 155,616,013) issued and fully paid ordinary shares as at 31 March 2017, 15,376,900 (31 March 2016: 15,376,900) are held as treasury shares by the Company.

As at 31 March 2017, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 March 2016: 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:

	31.03.2017	31.12.2016
	RM’000	RM’000
<i>Financial lease liabilities</i>		
Current	76	220
Non-current	-	195
	<u>76</u>	<u>415</u>
 <i>Term loan, secured</i>		
Current	2,783	2,688
Non-current	24,023	24,649
	<u>26,806</u>	<u>27,337</u>
 <i>Trade line, unsecured</i>		
Current	<u>2,292</u>	<u>4,526</u>
 <i>Bank overdrafts, secured</i>		
Current	<u>1,188</u>	<u>680</u>
 Total loans and borrowings	<u><u>30,362</u></u>	<u><u>32,958</u></u>
 <i>Disclosed as:</i>		
Current	6,339	8,114
Non-current	24,023	24,844
	<u>30,362</u>	<u>32,958</u>
 Borrowings denominated in foreign currency:		
	AUD’000	RM’000 equivalent
Australian Dollar	<u>696</u>	<u>2,364</u>

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PART A – Explanatory Notes Pursuant to MFRS 134**22. Derivative liabilities**

As at the end of the current financial quarter, there were no 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.

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

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

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

23. Financial instruments*Determination of fair value*

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	31.03.2017		31.12.2016	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Interest-bearing borrowings:				
- Financial lease liabilities	-	-	195	195
- Term loan	24,023	24,023	24,649	24,649
	<u>24,023</u>	<u>24,023</u>	<u>24,844</u>	<u>24,844</u>
	=====	=====	=====	=====

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PART A – Explanatory Notes Pursuant to MFRS 134**23. 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 measured at fair value consist of other investments.

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31.03.2017				
Financial assets				
Other investments				
- unit trust funds	34,834	34,834	-	-
- unquoted structure products	8,344	-	8,344	-
	<u>43,178</u>	<u>34,834</u>	<u>8,344</u>	<u>-</u>
	=====	=====	=====	=====
31.12.2016				
Financial assets				
Other investments				
- unit trust funds	42,207	42,207	-	-
- unquoted structure products	11,627	-	11,627	-
	<u>53,834</u>	<u>42,207</u>	<u>11,627</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 three-month period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

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PART A – Explanatory Notes Pursuant to MFRS 134**24. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2017 and 31 March 2016:

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	499	499
Insurance commission earned as insurance agent	109	76
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	377	277
Purchases of raw materials for production use	7	62
Directors' interest		
Rental of office and warehouse	231	-
Renovation and maintenance costs	70	136
Provision of legal services	14	-
Purchase of ceramic tiles for resale	1,270	2,254
Sale of ceramic tiles	-	1
	=====	=====

The transactions have been entered into with related parties on terms and conditions that are not more favorable to the related party than those generally available to the public.

25. Capital commitments

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 31 March 2017 was as follows:

	31.03.2017	31.03.2016
	RM'000	RM'000
Authorised and contracted for	7,757	804
	=====	=====

26. Changes in contingent liabilities and contingent assets

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

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 quarter is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.03.2017					
<i>Segment Revenue</i>					
Total sales	46,242	14,429	37,541	959	99,171
Inter-segment sales	(4,097)	(264)	-	-	(4,361)
	<u>42,145</u>	<u>14,165</u>	<u>37,541</u>	<u>959</u>	<u>94,810</u>
<i>Segment Results</i>					
Segment operating profit/(loss)	84	1,150	2,341	(48)	3,527
Finance cost	(334)	-	(63)	-	(397)
Profit/(loss) before tax	(250)	1,150	2,278	(48)	3,130
Income tax expense	(401)	(312)	(435)	-	(1,148)
Profit/(loss) for the period	(651)	838	1,843	(48)	1,982
Non-controlling interest	-	(181)	-	14	(167)
Profit/(loss) attributable to owners of the parent	<u>(651)</u>	<u>657</u>	<u>1,843</u>	<u>(34)</u>	<u>1,815</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2017:

	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	423,017	102,636	107,535	3,331	636,519
Inter-segment assets	-	-	-	-	-
	<u>423,017</u>	<u>102,636</u>	<u>107,535</u>	<u>3,331</u>	<u>636,519</u>
<i>Segment Liabilities</i>					
Total liabilities	46,633	10,184	40,984	2,931	100,732
Inter-segment liabilities	-	-	-	-	-
	<u>46,633</u>	<u>10,184</u>	<u>40,984</u>	<u>2,931</u>	<u>100,732</u>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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
31.03.2016					
<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)
	<u>704</u>	<u>73</u>	<u>(429)</u>	<u>(101)</u>	<u>247</u>
Profit/(loss) before tax	704	73	(429)	(101)	247
Income tax expense	(791)	(191)	-	-	(982)
	<u>(87)</u>	<u>(118)</u>	<u>(429)</u>	<u>(101)</u>	<u>(735)</u>
Loss for the period	(87)	(118)	(429)	(101)	(735)
Non-controlling interest	-	25	-	30	55
	<u>-</u>	<u>25</u>	<u>-</u>	<u>30</u>	<u>55</u>
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	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	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

(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 quarter as compared with preceding period's corresponding quarter

During the current financial quarter under review, revenue of the Group increased from RM86.4 million to RM94.8 million as compared with the preceding year's corresponding financial quarter ended 31 March 2016.

The improved revenue was contributed by Outset Holdings Pty Ltd, which was acquired on 1 September 2016, despite the Group's Malaysian operating segment recorded a lower revenue for the current financial quarter.

The Group registered a profit before tax of RM3.1 million for the current financial quarter as compared to RM0.2 million recorded in the preceding year's corresponding financial quarter due to increased revenue.

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 decreased from RM118.7 million to RM94.8 million, due to reduced contribution from its Malaysian operation segment and seasonal factors as disclosed in Note 3, which normally affects the sales in the first quarter.

The Group recorded a profit before tax of RM3.1 million for the current financial quarter under review as compared to a profit before tax of RM14.6 million for the immediate preceding quarter, due to lower revenue and reduced profit margin.

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 May 2017.

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 quarter ended 31 March 2017 (31 March 2016: Nil).

37. Disclosure of nature of outstanding derivatives

Please refer to Note 22 for details.

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**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 2017 and 31 March 2016.

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

40. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 March 2017 and 31 March 2016, 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 31.03.2017 RM'000	As at 31.03.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	296,702	280,626
- Unrealised in respect of		
- gains on fair value changes	13,104	13,374
- deferred tax recognised in the income statement	3,711	(432)
	<u>313,517</u>	<u>293,568</u>
Less: Consolidated adjustments	(153)	14
Total Group's retained earnings as per financial statements	<u><u>313,364</u></u>	<u><u>293,582</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

25 May 2017