

KIM HIN INDUSTRY BERHAD (018203-V)

Interim Financial Report
30 September 2018

Interim Financial Report for the nine-month period ended 30 September 2018

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KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the nine-month period ended 30 September 2018**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Revenue	11	106,364	114,341	302,434	313,073
Cost of sales		(77,964)	(74,141)	(217,516)	(208,808)
Gross profit		28,400	40,200	84,918	104,265
Other income		2,294	4,431	5,492	12,408
Selling and distribution costs		(11,467)	(12,966)	(38,026)	(37,210)
Administrative expenses		(17,467)	(17,489)	(52,380)	(52,866)
Other expenses		(2,583)	(3,460)	(10,563)	(8,723)
Operating (loss)/profit		(823)	10,716	(10,559)	17,874
Finance costs		(314)	(365)	(945)	(1,134)
(Loss)/profit before tax	12	(1,137)	10,351	(11,504)	16,740
Income tax expense	13	(7,970)	(4,020)	(7,770)	(7,263)
(Loss)/profit for the period		(9,107)	6,331	(19,274)	9,477
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(619)	495	(4,760)	(811)
Other comprehensive income for the period, net of tax		(619)	495	(4,760)	(811)
Total comprehensive income for the period		(9,726)	6,826	(24,034)	8,666

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the nine-month period ended 30 September 2018**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Note	RM'000	RM'000	RM'000	RM'000
(Loss)/profit attributable to:				
Owners of the Company	(9,566)	5,854	(20,002)	8,230
Non-controlling interests	459	477	728	1,247
	<u>(9,107)</u>	<u>6,331</u>	<u>(19,274)</u>	<u>9,477</u>
	=====	=====	=====	=====
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(9,958)	6,321	(24,199)	7,754
Non-controlling interests	232	505	165	912
	<u>(9,726)</u>	<u>6,826</u>	<u>(24,034)</u>	<u>8,666</u>
	=====	=====	=====	=====
(Loss)/earnings per share attributable to owners of the Company:				
- (Loss)/earnings per share for the period (basic/diluted) (sen)	14			
	(6.82)	4.17	(14.26)	5.87
	=====	=====	=====	=====

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.

Interim report for the nine-month period ended 30 September 2018

Condensed Consolidated Statement of Financial Position

		30.09.2018	31.12.2017
	Note	Unaudited RM'000	Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	209,723	220,886
Investment properties	16	19,953	20,214
Other investments		23,217	27,770
Intangible assets	17	24,967	24,967
Deferred tax assets		2,257	7,076
		<hr/>	<hr/>
		280,117	300,913
		<hr/>	<hr/>
Current assets			
Inventories	18	174,765	176,965
Trade and other receivables		90,626	104,110
Other current assets		3,199	5,118
Tax recoverable		3,418	1,884
Derivative assets		67	426
Other investments		3,001	2,496
Cash and bank balances	19	56,057	58,463
		<hr/>	<hr/>
		331,133	349,462
		<hr/>	<hr/>
TOTAL ASSETS		611,250	650,375
		=====	=====

KIM HIN INDUSTRY BHD
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Interim report for the nine-month period ended 30 September 2018

Condensed Consolidated Statement of Financial Position (contd.)

		30.09.2018	31.12.2017
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	20	206,658	206,658
Treasury shares	20	(24,309)	(24,309)
Other reserves		11,852	16,061
Retained earnings		289,467	312,262
		<hr/>	<hr/>
		483,668	510,672
Non-controlling interests		16,795	17,870
		<hr/>	<hr/>
TOTAL EQUITY		500,463	528,542
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	19,756	21,822
Deferred tax liabilities		4,802	4,802
Provisions		1,232	1,353
Deferred capital grant		243	395
		<hr/>	<hr/>
		26,033	28,372
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	3,674	2,889
Trade and other payables		75,277	82,453
Provisions		2,377	2,951
Deferred capital grant		203	203
Derivative liabilities		102	-
Tax payable		3,121	4,965
		<hr/>	<hr/>
		84,754	93,461
		<hr/>	<hr/>
TOTAL LIABILITIES		110,787	121,833
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		611,250	650,375
		=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.45	3.64
		=====	=====

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 nine-month period ended 30 September 2018**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →						Non- controlling interests ("NCI")	Total equity
	← Non-Distributable →			Distributable				
	Share capital RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2018	206,658	(24,309)	4,219	11,842	312,262	510,672	17,870	528,542
Loss net of tax	-	-	-	-	(20,002)	(20,002)	728	(19,274)
Other comparative income	-	-	-	(4,197)	-	(4,197)	(563)	(4,760)
Total comprehensive income	-	-	-	(4,197)	(20,002)	(24,199)	165	(24,034)
Dividend paid	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Dividend paid to NCI	-	-	-	-	-	-	(1,240)	(1,240)
Transfer between reserves	-	-	-	(12)	12	-	-	-
At 30 September 2018	206,658	(24,309)	4,219	7,633	289,467	483,668	16,795	500,463

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the nine-month period ended 30 September 2018**Condensed Consolidated Statement of Changes in Equity (contd.)**

	← Attributable to equity holders of the Company →						Non-controlling interests ("NCI")	Total equity
	← Non-Distributable →			Distributable				
	Share capital RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2017	206,658	(24,309)	3,675	15,973	311,549	513,546	19,041	532,587
Profit net of tax	-	-	-	-	8,230	8,230	1,247	9,477
Other comparative income	-	-	-	(476)	-	(476)	(335)	(811)
Total comprehensive income	-	-	-	(476)	8,230	7,754	912	8,666
Dividend paid	-	-	-	-	(4,207)	(4,207)	-	(4,207)
Dividend paid to NCI	-	-	-	-	-	-	(2,071)	(2,071)
At 30 September 2017	206,658	(24,309)	3,675	15,497	315,572	517,093	17,882	534,975

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 nine-month period ended 30 September 2018**Condensed Consolidated Statement of Cash Flows**

	9 months ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
Operating activities	Note	
(Loss)/profit before tax		16,740
	(11,504)	
Adjustments for:		
Depreciation of investment properties	261	521
Depreciation of property, plant and equipment	17,058	16,734
Dividend income	(563)	(263)
Gain on disposal of investment property	-	(2,221)
Gain on disposal of other investments	(126)	(298)
Gain on disposal of property, plant and equipment	(307)	(230)
Loss/(gains) on fair value changes	2,225	(2,893)
Impairment loss on trade receivables	27	30
Interest expense	945	1,134
Interest income	(144)	(134)
Inventories written off	69	64
Property, plant and equipment written off	5	27
Unrealised loss on foreign exchange	1,236	869
Write-down of inventories provided	647	2,362
Operating cash flows before changes in working capital	9,829	32,442
Changes in working capital:		
Increase in inventories	(2,879)	(9,779)
Decrease/(increase) in receivables	15,156	(1,498)
Decrease in payables	(6,178)	(7,145)
Cash generated from operations	15,928	14,020
Interest paid	(945)	(1,134)
Taxes paid, net of refund	(6,350)	(9,234)
Net cash flows from operating activities carried forward	8,633	3,652

KIM HIN INDUSTRY BHD

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Interim report for the nine-month period ended 30 September 2018**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	9 months ended	
		30.09.2018	30.09.2017
		RM'000	RM'000
Net cash flows from operating activities brought forward		8,633	3,652
Investing activities			
Acquisition of other investments		(4,586)	(7,028)
Acquisition of property, plant and equipment		(8,451)	(18,091)
Interest received		144	134
Proceeds from disposal of other investments		7,446	20,374
Proceeds from disposal of property, plant and equipment		1,152	660
Withdrawal/(placement) in FD with maturity more than 3 months		5,629	2,687
		<hr/>	<hr/>
Net cash flows from/(used in) investing activities		1,334	(1,264)
		<hr/>	<hr/>
Financing activities			
Dividends paid		(2,805)	(4,207)
Dividend paid to non-controlling interest		(1,240)	(2,071)
Repayment of lease payables		-	(416)
Repayment of term loan		(2,099)	(6,654)
		<hr/>	<hr/>
Net cash flows used in financing activities		(6,144)	(13,348)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		3,823	(10,960)
Effect of foreign exchange rate changes		(1,418)	108
Cash and cash equivalents at 1 January		45,086	49,721
		<hr/>	<hr/>
Cash and cash equivalents at 30 September	19	47,491	38,869
		=====	=====

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

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PART A – Explanatory Notes Pursuant to MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements, for the nine-month period ended 30 September 2018 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 2017. 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 2017.

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 2017, except for the adoption of the following new standards with effect from 1 January 2018:

MFRS 9: Financial Instruments

The Group adopted MFRS 9, Financial Instruments on 1 January 2018, MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The three principal classification categories for financial assets are measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There was no material impact on the accounting for the Group’s financial assets and financial liabilities upon initial application of the new classification requirements as the Group only has simple financial instruments. The Group does not apply hedge accounting.

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PART A – Explanatory Notes Pursuant to MFRS 134

2. Changes in accounting policies (contd.)

MFRS 9: Financial Instruments (contd.)

MFRS 9 also replaces the incurred loss approach in MFRS 139 with a forward-looking expected credit loss approach. Under MFRS 9, loss allowances will be measured on either 12-month expected credit loss or lifetime expected credit loss. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

MFRS 15: Revenue from Contracts with Customers

The Group has adopted MFRS 15 in the current financial period. Under MFRS 15, the Group recognises revenue from contracts with customers when a performance obligation is satisfied, which is when control of the goods underlying the particular performance obligation is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of MFRS 15 did not have an impact on the timing of revenue recognition.

3. Seasonal or cyclical factors

The business operations of the Group have been significantly affected by seasonal or cyclical factors relating to the festive season, which normally affects the construction industry in the first quarter of the year.

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

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the financial period ended 30 September 2018.

5. Changes in estimates

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

6. Debt and equity securities

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

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PART A – Explanatory Notes Pursuant to MFRS 134**7. Dividends paid**

A second interim dividend in respect of the financial year ended 31 December 2017, of 2.0 sen per ordinary share, tax exempt, on 140,239,113 ordinary shares, amounting to RM2,804,782 has been paid on 28 June 2018.

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 for the incorporation of a subsidiary company by its 79.5% owned subsidiary, Kim Hin Ceramic (Shanghai) Co. Ltd on 8 November 2018.

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 2017.

11. Revenue

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Sales of goods	105,959	114,165	301,871	312,810
Dividend income	405	176	563	263
	<hr/>	<hr/>	<hr/>	<hr/>
	106,364	114,341	302,434	313,073
	=====	=====	=====	=====

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PART A – Explanatory Notes Pursuant to MFRS 134**12. (Loss)/profit before tax**

	9 months ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
(Loss)/profit for the nine-month period is arrived at after charging/(crediting):		
Depreciation of investment properties	261	521
Depreciation of property, plant and equipment	17,058	16,734
Dividend income	(563)	(263)
Gain on disposal of investment property	-	(2,221)
Gain on disposal of other investments	(126)	(298)
Gain on disposal of property, plant and equipment	(307)	(230)
Loss/(gains) on fair value changes	2,225	(2,893)
Impairment loss on trade receivables	27	30
Interest expense	945	1,134
Interest income	(144)	(134)
Inventories written off	69	64
Property, plant and equipment written off	5	27
Unrealised loss on foreign exchange	1,236	869
Write-down of inventories provided	647	2,362
	=====	=====

13. Income tax expense

	9 months ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
Current income tax:		
Malaysian income tax	478	2,474
Foreign tax	2,719	6,089
	-----	-----
	3,197	8,563
Deferred income tax	4,573	(1,300)
	-----	-----
Income tax expense for the period	7,770	7,263
	=====	=====

The Group's effective tax rate for both current financial period ended 30 September 2018 and the preceding year's corresponding period 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. (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:

	9 months ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
(Loss)/profit, net of tax attributable to owners of the Company (RM'000)	<u>(20,002)</u>	<u>8,230</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>(14.26)</u>	<u>5.87</u>

15. Property, plant and equipment

During the current financial period, the Group acquired property, plant and equipment at a cost of RM8,451,000 (30 September 2017: RM18,091,000)

The Group disposed of property, plant and equipment with carrying amount of RM845,000 during the nine-month period (30 September 2017: RM430,000), resulting in gains on disposal of RM307,000 (30 September 2017: gains of RM230,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

PART A – Explanatory Notes Pursuant to MFRS 134

16. Investment properties

	30.09.2018	31.12.2017
	RM'000	RM'000
Cost		
At 1 January	21,597	51,812
Disposal	-	(30,931)
Translation difference	-	716
	<u>21,597</u>	<u>21,597</u>
At 30 September/31 December	<u>21,597</u>	<u>21,597</u>
Accumulated depreciation		
At 1 January	1,383	5,195
Charge for the period	261	609
Disposal	-	(4,559)
Translation difference	-	138
	<u>1,644</u>	<u>1,383</u>
At 30 September/31 December	<u>1,644</u>	<u>1,383</u>
Net carrying amount		
At 30 September/31 December	<u>19,953</u>	<u>20,214</u>

17. Intangible assets

	30.09.2018	31.12.2017
	RM'000	RM'000
Cost		
Goodwill	9,838	9,838
Arrangements with franchisee	10,892	10,892
Brands	4,857	4,857
	<u>25,587</u>	<u>25,587</u>
At 30 September/31 December	<u>25,587</u>	<u>25,587</u>
Accumulated impairment		
At 30 September/31 December	<u>(620)</u>	<u>(620)</u>
Net carrying amount		
At 30 September/31 December	<u>24,967</u>	<u>24,967</u>

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

During the current financial period ended 30 September 2018, the Group recognised a write-down on inventories of RM647,000 (30 September 2017: a write-down of RM2,362,000) 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:

	30.09.2018	31.12.2017
	RM'000	RM'000
Cash on hand and at bank	48,382	42,083
Deposits with financial institutions	7,675	16,380
	<hr/>	<hr/>
Cash and bank balances	56,057	58,463
Bank overdrafts (Note 21)	(891)	(73)
	<hr/>	<hr/>
Deposits with maturity more than 3 months	55,166	58,390
	(7,675)	(13,304)
	<hr/>	<hr/>
Cash and cash equivalents	47,491	45,086
	=====	=====

20. Share capital and treasury shares*Issue of shares*

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

Treasury shares

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

Of the total 155,616,013 (30 September 2017: 155,616,013) issued and fully paid ordinary shares as at 30 September 2018, 15,376,900 (30 September 2017: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 September 2018, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 September:2017 140,239,113) ordinary shares of RM1 each.

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PART A – Explanatory Notes Pursuant to MFRS 134**21. Loans and Borrowings**

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

	30.09.2018	31.12.2017
	RM'000	RM'000
<i>Term loan, secured</i>		
Current	2,783	2,816
Non-current	19,756	21,822
	<u>22,539</u>	<u>24,638</u>
<i>Bank overdrafts, secured</i>		
Current	891	73
	<u>23,430</u>	<u>24,711</u>
Total loans and borrowings	<u>23,430</u>	<u>24,711</u>
	=====	=====
<i>Disclosed as:</i>		
Current	3,674	2,889
Non-current	19,756	21,822
	<u>23,430</u>	<u>24,711</u>
	=====	=====
Changes in liabilities arising from financing activities		
At 1 January	24,711	32,958
Drawn down of overdraft	818	(607)
Repayment of borrowings	(2,099)	(7,640)
	<u>23,430</u>	<u>24,711</u>
At 30 September/31 December	<u>23,430</u>	<u>24,711</u>
	=====	=====

All borrowings are based on the floating interest rate and are secured by way of fixed charge over certain landed properties of a wholly owned subsidiary of the Group and corporate guarantee of the Company.

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

As at the end of the current financial period, derivatives (including financial instruments designated as hedging instruments) entered into by the Group consist of forward foreign exchange contracts entered regularly by the Group with licensed financial institutions to hedge against currency fluctuation for its accounts receivables and payables as part of the normal course of business. Details of the outstanding derivative financial instruments as at 30 September 2018 are tabulated below:

	Contract value RM'000	Fair value RM'000	Gain/(loss) on fair value RM'000	Reason for gain/(loss)
Maturity within 1 year	27,149 =====	27,186 =====	(35) =====	Weakening of MYR

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting nine-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:

	30.09.2018		31.12.2017	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Interest-bearing borrowings:				
- Term loan	22,539 =====	22,539 =====	24,638 =====	24,638 =====

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

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30.09.2018				
Financial assets				
Other investments				
- quoted unit trust funds	23,217	23,217	-	-
- Unquoted structure products	3,001	-	3,001	-
Derivative assets	67	-	67	-
	<u>26,285</u>	<u>23,217</u>	<u>3,068</u>	<u>-</u>
	=====	=====	=====	=====
Financial liabilities				
Derivative liabilities	102	-	102	-
	=====	=====	=====	=====
31.12.2017				
Financial assets				
Other investments				
- Quoted unit trust funds	27,770	27,770	-	-
- Unquoted structure products	2,496	-	2,496	-
Derivative assets	426	-	426	-
	<u>30,692</u>	<u>27,770</u>	<u>2,922</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 nine-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 nine-month period ended 30 September 2018 and 30 September 2017:

	9 months ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	1,497	1,497
Insurance commission earned as insurance agent	120	115
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	672	733
Directors' interest		
Rental of office and warehouse	-	428
Renovation and maintenance costs	203	433
Provision of legal services	-	16
Purchase of ceramic tiles for resale	953	4,271
Sale of ceramic tiles	19	-
	=====	=====

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

25. Capital commitments

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 30 September 2018 was as follows:

	30.09.2018	31.12.2017
	RM'000	RM'000
Authorised and contracted for	9,286	10,709
Authorised but not contracted for	10,806	10,000
	=====	=====

26. Changes in contingent liabilities and contingent assets

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

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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 period is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.09.2018					
<i>Segment Revenue</i>					
Total sales	162,150	43,663	115,830	4,104	325,747
Inter-segment sales	(22,467)	(846)	-	-	(23,313)
	<u>139,683</u>	<u>42,817</u>	<u>115,830</u>	<u>4,104</u>	<u>302,434</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating (loss)/profit	(16,120)	4,130	1,167	264	(10,559)
Finance cost	(907)	-	(38)	-	(945)
	<u>(17,027)</u>	<u>4,130</u>	<u>1,129</u>	<u>264</u>	<u>(11,504)</u>
(Loss)/profit before tax	(17,027)	4,130	1,129	264	(11,504)
Income tax expense	(5,560)	(1,096)	(1,100)	(14)	(7,770)
	<u>(22,587)</u>	<u>3,034</u>	<u>29</u>	<u>250</u>	<u>(19,274)</u>
(Loss)/profit for the period	(22,587)	3,034	29	250	(19,274)
Non-controlling interest	-	(653)	-	(75)	(728)
	<u>(22,587)</u>	<u>2,381</u>	<u>29</u>	<u>175</u>	<u>(20,002)</u>
(Loss)/profit attributable to owners of the parent	(22,587)	2,381	29	175	(20,002)
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2018:

	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	421,002	89,451	97,479	3,318	611,250
Inter-segment assets	-	-	-	-	-
	<u>421,002</u>	<u>89,451</u>	<u>97,479</u>	<u>3,318</u>	<u>611,250</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	49,791	9,284	49,418	2,294	110,787
Inter-segment liabilities	-	-	-	-	-
	<u>49,791</u>	<u>9,284</u>	<u>49,418</u>	<u>2,294</u>	<u>110,787</u>
	=====	=====	=====	=====	=====

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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 period is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.09.2017					
<i>Segment Revenue</i>					
Total sales	158,606	49,456	120,055	4,447	332,564
Inter-segment sales	(18,067)	(1,424)	-	-	(19,491)
	<u>140,539</u>	<u>48,032</u>	<u>120,055</u>	<u>4,447</u>	<u>313,073</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating profit/(loss)	(679)	7,496	10,823	234	17,874
Finance cost	(981)	-	(153)	-	(1,134)
	<u>(1,660)</u>	<u>7,496</u>	<u>10,670</u>	<u>234</u>	<u>16,740</u>
Income tax expense	(2,087)	(1,907)	(3,269)	-	(7,263)
	<u>(3,747)</u>	<u>5,589</u>	<u>7,401</u>	<u>234</u>	<u>9,477</u>
Non-controlling interest	-	(1,177)	-	(70)	(1,247)
	<u>(3,747)</u>	<u>4,412</u>	<u>7,401</u>	<u>164</u>	<u>8,230</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 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	428,321	99,172	119,117	3,765	650,375
Inter-segment assets	-	-	-	-	-
	<u>428,321</u>	<u>99,172</u>	<u>119,117</u>	<u>3,765</u>	<u>650,375</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	48,299	13,701	56,835	2,998	121,833
Inter-segment liabilities	-	-	-	-	-
	<u>48,299</u>	<u>13,701</u>	<u>56,835</u>	<u>2,998</u>	<u>121,833</u>
	=====	=====	=====	=====	=====

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 declined marginally from RM313.1 million to RM302.4 million as compared with the preceding year's corresponding financial period ended 30 September 2017.

The Group registered a loss before tax of RM11.5 million for the current financial period as compared to a profit before tax of RM16.4 million recorded in the preceding year's corresponding financial period due to the decline in profit margin, unfavorable movement in foreign exchange, and reduced other income.

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 to RM106.4 million from RM97.2 million recorded in the preceding financial quarter.

The Group recorded a lower loss before tax of RM1.1 million for the current financial quarter under review as compared to a loss before tax of RM4.4 million for the immediate preceding quarter, due to higher revenue.

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 27 November 2018.

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

- (i) No interim dividend has been declared for the financial period ended 30 September 2018;
- (ii) Previous corresponding period: 3.0 sen;

37. Disclosure of nature of outstanding derivatives

Please refer to Note 22 for details.

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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 30 September 2018 and 30 September 2017.

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

40. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 30 September 2018 and 30 September 2017, into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30.09.2018	As at 31.12.2017
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	282,777	294,601
- Unrealised	6,652	16,494
	<u>289,429</u>	<u>311,095</u>
Less: Consolidated adjustments	38	1,167
	<u>289,467</u>	<u>312,262</u>
Total Group's retained earnings as per financial statements	<u>=====</u>	<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**YEO PUAY HUANG**

Secretary

27 November 2018