

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

**Interim Financial Report**  
31 March 2019

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim Financial Report for the three-month period ended 31 March 2019**

<b>Index</b>	<b>Page</b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6 - 7
Part A – Explanatory Notes Pursuant to MFRS 134	8 - 20
Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad	21 - 22

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the three-month period ended 31 March 2019****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
		31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
<b>Revenue</b>	11	83,839	98,852	83,839	98,852
Cost of sales		(64,038)	(69,079)	(64,038)	(69,079)
<b>Gross profit</b>		19,801	29,773	19,801	29,773
Other income		3,727	1,005	3,727	1,005
Selling and distribution costs		(11,675)	(12,709)	(11,675)	(12,709)
Administrative expenses		(18,288)	(16,861)	(18,288)	(16,861)
Other expenses		(1,776)	(6,871)	(1,776)	(6,871)
<b>Operating loss</b>		(8,211)	(5,663)	(8,211)	(5,663)
Finance costs		(291)	(333)	(291)	(333)
<b>Loss before tax</b>	12	(8,502)	(5,996)	(8,502)	(5,996)
Income tax expense	13	(615)	500	(615)	500
<b>Loss for the period</b>		(9,117)	(5,496)	(9,117)	(5,496)
<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		188	(3,162)	188	(3,162)
<b>Other comprehensive income for the period, net of tax</b>		188	(3,162)	188	(3,162)
<b>Total comprehensive income for the period</b>		(8,929)	(8,658)	(8,929)	(8,658)
		=====	=====	=====	=====

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the three-month period ended 31 March 2019****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Loss attributable to:</b>				
Owners of the Company	(8,898)	(5,376)	(8,898)	(5,376)
Non-controlling interests	(219)	(120)	(219)	(120)
	<u>(9,117)</u>	<u>(5,496)</u>	<u>(9,117)</u>	<u>(5,496)</u>
	=====	=====	=====	=====
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(8,807)	(8,329)	(8,807)	(8,329)
Non-controlling interests	(122)	(329)	(122)	(329)
	<u>(8,929)</u>	<u>(8,658)</u>	<u>(8,929)</u>	<u>(8,658)</u>
	=====	=====	=====	=====
<b>Loss per share attributable to owners of the Company:</b>				
- Loss per share for the period (basic/diluted) (sen)	14			
	(6.34)	(3.83)	(6.34)	(3.83)
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<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 2019****Condensed Consolidated Statement of Financial Position**

		<b>31.03.2019</b>	<b>31.12.2018</b>
		Unaudited	Audited
	<b>Note</b>	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	185,322	189,131
Investment properties	16	27,522	27,554
Other investments		23,648	22,170
Intangible assets	17	16,606	15,749
Deferred tax assets		3,315	3,270
		<hr/>	<hr/>
		256,413	257,874
<b>Current assets</b>			
Inventories	18	157,454	165,244
Trade and other receivables		73,659	78,489
Other current assets		3,305	4,642
Other investments		4,260	-
Tax recoverable		4,932	4,434
Cash and bank balances	19	42,651	53,817
		<hr/>	<hr/>
		286,261	306,626
<b>TOTAL ASSETS</b>			
		<hr/> <hr/>	<hr/> <hr/>
		542,674	564,500

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the three-month period ended 31 March 2019****Condensed Consolidated Statement of Financial Position (contd.)**

		<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	206,658	206,658
Treasury shares	20	(24,309)	(24,309)
Other reserves		12,087	11,996
Retained earnings		237,905	246,803
		<hr/>	<hr/>
		432,341	441,148
<b>Non-controlling interests</b>		16,792	16,914
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		449,133	458,062
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	18,236	18,963
Deferred tax liabilities		4,795	4,795
Provisions		423	427
Deferred capital grant		141	192
		<hr/>	<hr/>
		23,595	24,377
		<hr/>	<hr/>
<b>Current liabilities</b>			
Loans and borrowings	21	8,442	4,018
Trade and other payables		55,437	71,572
Provisions		3,818	3,701
Derivative liabilities		293	930
Deferred capital grant		203	203
Tax payable		1,753	1,637
		<hr/>	<hr/>
		69,946	82,061
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		93,541	106,438
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		542,674	564,500
		=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.08	3.15
		=====	=====

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 2019****Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →						Distributable	Non-controlling interests (“NCI”)	Total equity
	← Non-Distributable →			Reserve and enterprise expansion funds	Translation adjustment account	Retained earnings			
	Share capital	Share premium	Treasury shares	and enterprise expansion funds	Translation adjustment account	Retained earnings	Total	Non-controlling interests (“NCI”)	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019</b>	206,658	-	(24,309)	4,593	7,403	246,803	441,148	16,914	458,062
Loss net of tax	-	-	-	-	-	(8,898)	(8,898)	(219)	(9,117)
Other comparative income	-	-	-	-	91	-	91	97	188
Total comprehensive income	-	-	-	-	91	(8,898)	(8,807)	(122)	(8,929)
<b>At 31 March 2019</b>	<u>206,658</u>	<u>-</u>	<u>(24,309)</u>	<u>4,593</u>	<u>7,494</u>	<u>237,905</u>	<u>432,341</u>	<u>16,792</u>	<u>449,133</u>
<b>At 1 January 2018</b>	206,658	-	(24,309)	4,219	11,842	312,262	510,672	17,870	528,542
Loss net of tax	-	-	-	-	-	(5,376)	(5,376)	(120)	(5,496)
Other comparative income	-	-	-	-	(2,953)	-	(2,953)	(209)	(3,162)
Total comprehensive income	-	-	-	-	(2,953)	(5,396)	(8,329)	(329)	(8,658)
Transfer between reserves	-	-	-	-	(12)	12	-	-	-
<b>At 31 March 2018</b>	<u>206,658</u>	<u>-</u>	<u>(24,309)</u>	<u>4,219</u>	<u>8,877</u>	<u>306,898</u>	<u>502,343</u>	<u>17,541</u>	<u>519,884</u>

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 three-month period ended 31 March 2019****Condensed Consolidated Statement of Cash Flows**

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	RM'000	RM'000
<b>Operating activities</b>	<b>Note</b>	
Loss before tax		(8,502)
Adjustments for:		
Amortisation of deferred capital grant		(51)
Depreciation of investment properties		87
Depreciation of property, plant and equipment		5,665
Dividend income		(1)
(Gains)/loss on fair value changes		(2,122)
Gains on disposal of other investments		-
Gains on disposal of property, plant and equipment		(117)
Impairment loss on trade receivables		9
Interest expense		291
Interest income		(54)
Inventories written off		7
Provision for annual leave		2
Unrealised loss on foreign exchange		42
Write-down of inventories (reversed)/provided		(400)
Operating cash flows before changes in working capital		(5,144)
Changes in working capital:		
Decrease/(increase) in inventories		6,855
Decrease in receivables		4,701
Decrease in payables		(14,401)
Cash (used in)/generated from operations		(7,989)
Interest paid		(291)
Taxes paid, net of refund		(1,095)
Net cash flows (used in)/from operating activities carried forward		(9,375)



**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**Interim report for the three-month period ended 31 March 2019****Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	3 months ended	
		31.03.2019	31.03.2018
		RM'000	RM'000
Net cash flows (used in)/from operating activities brought forward		(9,375)	3,792
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(1,865)	(3,700)
Acquisition of other investments		(4,260)	-
Interest received		54	2
Proceeds from disposal of other investments		-	5,000
Proceeds from disposal of property, plant and equipment		170	113
(Placement)/withdrawal in short-term deposits with maturity more than 3 months		(28)	2,732
Net cash flows (used in)/from investing activities		<u>(5,929)</u>	<u>4,147</u>
<b>Financing activities</b>			
Loan and borrowing obtained		4,975	-
Repayment of term loan		(727)	(692)
Net cash flows from/(used in) financing activities		<u>4,248</u>	<u>(692)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,056)</b>	<b>7,247</b>
<b>Effect of foreign exchange rate changes</b>		<b>358</b>	<b>(892)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>41,870</b>	<b>45,086</b>
<b>Cash and cash equivalents at 31 March</b>	<b>19</b>	<b><u>31,172</u></b>	<b><u>51,441</u></b>

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 three-month period ended 31 March 2019 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 2018. 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 2018.

#### **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 2018, except for the adoption of the following new standards with effect from 1 January 2019:

	<b>Effective for annual periods beginning</b>
MFRS 16: Leases	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Plan Amendments, curtailment or settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements to MFRS Standards 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combination	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the abovementioned new or revised MFRSs and amendments to MFRSs is not expected to have material impact to the financial statements of the Group.

## **KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

#### **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 2019.

#### **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 2019.

#### **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 2018.

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	RM'000	RM'000
Sales of goods	83,838	98,695
Dividend income	1	157
	<u>83,839</u>	<u>98,852</u>
	=====	=====

**12. Profit before tax**

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	RM'000	RM'000
Profit for the three-month period is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	(51)	(51)
Depreciation of investment properties	87	87
Depreciation of property, plant and equipment	5,665	5,630
Dividend income	(1)	(157)
(Gains)/loss on fair value changes	(2,122)	457
Gains on disposal of other investments	-	(126)
Gains on disposal of property, plant and equipment	(117)	(113)
Impairment loss on trade receivables	9	9
Interest expense	291	333
Interest income	(54)	(2)
Inventories written off	7	39
Provision for annual leave	2	2
Unrealised loss on foreign exchange	42	1,690
Write-down of inventories (reversed)/provided	(400)	6
	<u>=====</u>	<u>=====</u>

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	523	603
Foreign tax	280	397
Deferred income tax	(188)	(1,500)
Income tax expense for the period	<u>615</u>	<u>(500)</u>
	=====	=====

The Group's effective tax rate for both current financial quarter ended 31 March 2019 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.

**14. Loss per share****Basic/Diluted**

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

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	<u>(8,898)</u>	<u>(5,376)</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 per share (sen)	<u>(6.34)</u>	<u>(3.83)</u>
	=====	=====

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

During the current financial quarter, the Group acquired property, plant and equipment at a cost of RM1,865,000 (31 March 2018: RM3,700,000)

The Group disposed of property, plant and equipment with carrying amount of RM63,000 during the three-month period (31 March 2018: RM Nil), resulting in gains on disposal of RM117,000 (31 March 2018: gains of RM113,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>31.03.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	29,286	21,597
Addition	-	7,689
Translation difference	55	-
	<u>29,341</u>	<u>29,286</u>
<b>Accumulated depreciation</b>		
At 1 January	1,732	1,383
Charge for the period	87	349
	<u>1,819</u>	<u>1,732</u>
<b>Net carrying amount</b>		
At 31 March/31 December	<u>27,522</u>	<u>27,554</u>
	=====	=====

**17. Intangible assets**

	<b>31.03.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000
<b>Cost</b>		
Goodwill	9,838	9,838
Arrangements with franchisee	11,749	10,892
Brands	4,857	4,857
	<u>26,444</u>	<u>25,587</u>
<b>Accumulated impairment</b>		
At 31 March/31 December	<u>(9,838)</u>	<u>(9,838)</u>
<b>Net carrying amount</b>		
At 31 March/31 December	<u>16,606</u>	<u>15,749</u>
	=====	=====

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

During the current financial quarter ended 31 March 2019, the Group recognised a reversal of write-down on inventories provided of RM400,000 (31 March 2018: a write-down of RM6,000) 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:

	<b>31.03.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000
Cash on hand and at bank	31,799	37,114
Deposits with financial institutions	10,852	16,703
	<hr/>	<hr/>
Cash and bank balances	42,651	53,817
Bank overdrafts (Note 21)	(627)	(1,123)
	<hr/>	<hr/>
	42,024	52,694
Deposits with maturity more than 3 months	(10,852)	(10,824)
	<hr/>	<hr/>
Cash and cash equivalents	31,172	41,870
	=====	=====

**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 2018: 155,616,013) issued and fully paid ordinary shares as at 31 March 2019, 15,376,900 (31 March 2018: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 March 2019, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 March 2018: 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. Loans and Borrowings**

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

	<b>31.03.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000
<b>Current</b>		
Bank overdrafts, secured	627	1,123
Trade facilities, unsecured	4,920	-
Term loans, secured	2,895	2,895
	<u>8,442</u>	<u>4,018</u>
<b>Non-current</b>		
Term loans, secured	18,236	18,963
	<u>26,678</u>	<u>22,981</u>
	=====	=====
<b>Changes in liabilities arising from financing activities</b>		
At 1 January	22,981	24,711
(Repayment)/drawn down of overdraft	(496)	1,050
Drawn down of borrowings	4,975	-
Repayment of borrowings	(727)	(2,780)
Translation differences	(55)	-
	<u>26,678</u>	<u>22,981</u>
	=====	=====
At 31 March/31 December		

The term loans 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.



**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

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

As at the end of the current financial quarter, 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 trade receivables and payables as part of the normal course of business. Details of the outstanding derivative financial instruments as at 31 March 2019 are tabulated below:

	<b>Contract value</b> RM'000	<b>Fair value</b> RM'000	<b>Gain/(loss) on fair value</b> RM'000	<b>Reason for gain/(loss)</b>
Maturity within 1 year	18,043	18,336	293	Strengthening of USD
	=====	=====	=====	

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:

	<b>31.03.2019</b>		<b>31.12.2018</b>	
	<b>Carrying Amount</b> RM'000	<b>Fair Value</b> RM'000	<b>Carrying Amount</b> RM'000	<b>Fair Value</b> RM'000
<b>Financial liabilities</b>				
Loans and borrowings	26,678	26,678	22,170	22,170
	=====	=====	=====	=====

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**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
<b>31.03.2019</b>				
<b>Financial assets/(liabilities)</b>				
Other investments				
- unquoted unit trust	27,908	27,908	-	-
Derivative liabilities	(293)	-	(293)	-
	=====	=====	=====	=====
<b>31.12.2018</b>				
<b>Financial assets/(liabilities)</b>				
Other investments				
- Unquoted unit trusts	22,170	22,170	-	-
Derivative liabilities	(930)	-	(930)	-
	=====	=====	=====	=====

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.

**KIM HIN INDUSTRY BHD**

(Company No: 018203-V)

**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 2019 and 31 March 2018:

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	499	499
Insurance commission earned as insurance agent	-	110
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	148	153
Directors' interest		
Renovation and maintenance costs	-	42
Purchase of ceramic tiles for resale	-	362
Sales of ceramic tiles	2	-
	=====	=====

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 2019 was as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000
Authorised and contracted for	8,501	8,501
Authorised but not contracted for	10,000	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.

**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:

	<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>31.03.2019</b>					
<i>Segment Revenue</i>					
Total sales	47,991	8,291	32,562	985	89,829
Inter-segment sales	(5,840)	(150)	-	-	(5,990)
	<u>42,151</u>	<u>8,141</u>	<u>32,562</u>	<u>985</u>	<u>83,839</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating loss	(3,913)	(783)	(3,463)	(52)	(8,211)
Finance cost	(270)	-	(21)	-	(291)
	<u>(4,183)</u>	<u>(783)</u>	<u>(3,484)</u>	<u>(52)</u>	<u>(8,502)</u>
Income tax expense	(522)	(207)	114	-	(615)
	<u>(4,705)</u>	<u>(990)</u>	<u>(3,370)</u>	<u>(52)</u>	<u>(9,117)</u>
Non-controlling interest	-	203	-	16	219
	<u>(4,705)</u>	<u>(787)</u>	<u>(3,370)</u>	<u>(36)</u>	<u>(8,898)</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2019:

	<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	347,742	87,988	104,035	2,909	542,674
Inter-segment assets	-	-	-	-	-
	<u>347,742</u>	<u>87,988</u>	<u>104,035</u>	<u>2,909</u>	<u>542,674</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	49,591	7,757	36,040	153	93,541
Inter-segment liabilities	-	-	-	-	-
	<u>49,591</u>	<u>7,757</u>	<u>36,040</u>	<u>153</u>	<u>93,541</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:

	<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>31.03.2018</b>					
<i>Segment Revenue</i>					
Total sales	55,556	13,937	38,446	1,057	108,996
Inter-segment sales	(9,864)	(280)	-	-	(10,144)
	<u>45,692</u>	<u>13,657</u>	<u>38,446</u>	<u>1,057</u>	<u>98,852</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating (loss)/profit	(5,254)	(695)	286	*	(5,663)
Finance cost	(310)	-	(23)	-	(333)
	<u>(5,564)</u>	<u>(695)</u>	<u>263</u>	<u>*</u>	<u>(5,996)</u>
(Loss)/profit before tax	(5,564)	(695)	263	*	(5,996)
Income tax expense	899	60	(459)	-	500
	<u>(4,665)</u>	<u>(635)</u>	<u>(196)</u>	<u>*</u>	<u>(5,496)</u>
Loss for the period	(4,665)	(635)	(196)	*	(5,496)
Non-controlling interest	-	120	-	*	120
	<u>-</u>	<u>120</u>	<u>-</u>	<u>*</u>	<u>120</u>
Loss attributable to owners of the parent	(4,665)	(515)	(196)	*	(5,376)
	<u>(4,665)</u>	<u>(515)</u>	<u>(196)</u>	<u>*</u>	<u>(5,376)</u>
	=====	=====	=====	=====	=====

\* denotes value less than RM500

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2018:

	<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	434,349	95,433	95,958	3,938	629,678
Inter-segment assets	-	-	-	-	-
	<u>434,349</u>	<u>95,433</u>	<u>95,958</u>	<u>3,938</u>	<u>629,678</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	46,887	10,881	48,815	3,211	109,794
Inter-segment liabilities	-	-	-	-	-
	<u>46,887</u>	<u>10,881</u>	<u>48,815</u>	<u>3,211</u>	<u>109,794</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 year's corresponding quarter*

During the current financial quarter under review, revenue of the Group decreased from RM98.9 million to RM83.8 million as compared with the preceding year's corresponding financial quarter ended 31 March 2018 due to the slow-down in domestic markets of all geographical segments in which the Group operates as well as overseas markets.

The Group registered a loss before tax of RM8.5 million for the current financial quarter as compared to a loss before tax of RM6.0 million recorded in the preceding year's corresponding financial quarter due to reduced profit margin and lower 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 RM100.3 million to RM83.8 million, mainly due to the slow-down in domestic markets of all geographical segments in which the Group operates as well as overseas markets, apart from seasonal factors as disclosed in Note 3, which normally affects sales in the first quarter.

The Group recorded a loss before tax of RM8.5 million for the current financial quarter under review as compared to a loss before tax of RM43.6 million for the immediate preceding quarter, mainly due to impairment on assets provided in the quarter.

#### **30. Commentary on prospects**

The Group's results for the current year continue to be affected by the performance of the national and regional economies, fluctuations in main operating costs and foreign exchange movement. However, the Group shall remain vigilant in this difficult and challenging business environment.

## **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 statements 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 26 May 2019.

#### **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 2019 (31 March 2018: Nil).

#### **37. Disclosure of nature of outstanding derivatives**

Please refer to Note 22 for details.

**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****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 2019 and 31 March 2018.

**39. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

**40. Realised and unrealised earnings**

The breakdown of the retained earnings of the Group as at 31 March 2019 and 31 March 2018, 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 31.03.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	231,223	240,570
- Unrealised	6,791	5,701
	<hr/>	<hr/>
	238,014	246,271
Less: Consolidated adjustments	(109)	532
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	237,905	246,803
	=====	=====

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 May 2019