

KIM HIN INDUSTRY BERHAD (018203-V)

Interim Financial Report

30 June 2019

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

Interim Financial Report for the six-month period ended 30 June 2019

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

Interim report for the six-month period ended 30 June 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Revenue	11	95,743	97,218	179,582	196,070
Cost of sales		(75,392)	(70,473)	(139,430)	(139,552)
Gross profit		20,351	26,745	40,152	56,518
Other income		2,557	2,193	6,284	3,198
Selling and distribution costs		(11,674)	(13,850)	(23,349)	(26,559)
Administrative expenses		(18,521)	(18,052)	(36,809)	(34,913)
Other expenses		(1,067)	(1,109)	(2,843)	(7,980)
Operating (loss)/profit		(8,354)	(4,073)	(16,565)	(9,736)
Finance costs		(318)	(298)	(609)	(631)
(Loss)/profit before tax	12	(8,672)	(4,371)	(17,174)	(10,367)
Income tax expense	13	(783)	(300)	(1,398)	200
(Loss)/profit for the period		(9,455)	(4,671)	(18,572)	(10,167)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(729)	(979)	(541)	(4,141)
Other comprehensive loss for the period, net of tax		(729)	(979)	(541)	(4,141)
Total comprehensive loss for the period		(10,184)	(5,650)	(19,113)	(14,308)

KIM HIN INDUSTRY BHD
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Interim report for the six-month period ended 30 June 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
(Loss)/profit attributable to:					
Owners of the Company		(9,892)	(5,060)	(18,790)	(10,436)
Non-controlling interests		437	389	218	269
		<u>(9,455)</u>	<u>(4,671)</u>	<u>(18,572)</u>	<u>(10,167)</u>
Total comprehensive loss attributable to:					
Owners of the Company		(10,466)	(5,913)	(19,273)	(14,242)
Non-controlling interests		282	263	160	(66)
		<u>(10,184)</u>	<u>(5,650)</u>	<u>(19,113)</u>	<u>(14,308)</u>
(Loss)/earnings per share attributable to owners of the Company:					
- (Loss)/earnings per share for the period (basic/diluted) (sen)	14	<u>(7.06)</u>	<u>(3.61)</u>	<u>(13.40)</u>	<u>(7.44)</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
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Interim report for the six-month period ended 30 June 2019

Condensed Consolidated Statement of Financial Position

	Note	30.6.2019 Unaudited RM'000	31.12.2018 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	180,154	189,131
Investment properties	16	27,353	27,554
Other investments		24,294	22,170
Intangible assets	17	16,650	15,749
Deferred tax assets		3,314	3,270
		<u>251,765</u>	<u>257,874</u>
Current assets			
Inventories	18	147,435	165,244
Trade and other receivables		78,685	78,489
Other current assets		5,502	4,642
Derivative assets	22	123	-
Tax recoverable		4,935	4,434
Cash and bank balances	19	46,898	53,817
		<u>283,578</u>	<u>306,626</u>
TOTAL ASSETS		<u><u>535,343</u></u>	<u><u>564,500</u></u>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the six-month period ended 30 June 2019**Condensed Consolidated Statement of Financial Position (contd.)**

		30.06.2019	31.12.2018
	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		11,513	11,996
Retained earnings		228,013	246,803
		<hr/>	<hr/>
		421,875	441,148
Non-controlling interests		16,501	16,914
		<hr/>	<hr/>
TOTAL EQUITY		438,376	458,062
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	18,591	18,963
Deferred tax liabilities		4,795	4,795
Provisions		424	427
Deferred capital grant		91	192
		<hr/>	<hr/>
		23,901	24,377
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	7,706	4,018
Trade and other payables		59,828	71,572
Provisions		4,013	3,701
Derivative liabilities		-	930
Deferred capital grant		203	203
Tax payable		1,316	1,637
		<hr/>	<hr/>
		73,066	82,061
		<hr/>	<hr/>
TOTAL LIABILITIES		96,967	106,438
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		535,343	564,500
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.01	3.15
		<hr/> <hr/>	<hr/> <hr/>

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

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

Interim report for the six-month period ended 30 June 2019**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →		Distributable		Non-controlling interests ("NCI")	Total equity
	Share capital RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000		
At 1 January 2019	206,658	(24,309)	4,593	7,403	16,914	458,062
Loss net of tax	-	-	-	-	-	-
Other comparative income	-	-	-	(483)	218	(18,572)
Total comprehensive income	-	-	-	(483)	(58)	(541)
Transaction with owners	-	-	-	(483)	160	(19,113)
Dividend paid to NCI	-	-	-	-	(573)	(573)
At 30 June 2019	206,658	(24,309)	4,593	6,920	16,501	438,376

KIM HIN INDUSTRY BHD
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Interim report for the six-month period ended 30 June 2018

Condensed Consolidated Statement of Changes in Equity

	← Attributable to equity holders of the Company →		Distributable		Non-controlling interests ("NCI")	Total equity
	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000		
At 1 January 2018	206,658	4,219	11,842	312,262	17,870	528,542
Loss net of tax	-	-	-	(10,436)	269	(10,167)
Other comparative income	-	-	(3,806)	-	(335)	(4,141)
Total comprehensive income	-	-	(3,806)	(10,436)	(66)	(14,308)
Transactions with owners						
Dividend paid	-	-	-	(2,805)	-	(2,805)
Dividend paid to NCI	-	-	-	-	(1,241)	(1,241)
Transfer between reserves	-	-	(12)	12	-	-
At 30 June 2018	<u>206,658</u>	<u>4,219</u>	<u>8,024</u>	<u>299,033</u>	<u>16,563</u>	<u>510,188</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

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Interim report for the six-month period ended 30 June 2019**Condensed Consolidated Statement of Cash Flows**

	6 months ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Operating activities		
Loss before tax	(17,174)	(10,367)
Adjustments for:		
Amortisation of deferred capital grant	(101)	(101)
Credit losses on trade receivables, net	18	18
Depreciation of investment properties	174	174
Depreciation of property, plant and equipment	11,316	11,378
Dividend income	(4)	(158)
Gains on disposal of property, plant and equipment, net	(245)	(307)
(Gains)/loss on fair value changes, net	(3,155)	1,271
Impairment on property, plant and equipment	1,000	-
Interest expense	609	631
Interest income	(107)	(99)
Inventories written off	47	61
Loss/(gains) on disposal of other investments	3	(126)
Property, plant and equipment written off	-	1
Unrealised (gains)/loss on foreign exchange, net	(380)	1,502
Write-down of inventories (reversed)/provided	(788)	362
Operating cash flows before changes in working capital	(8,787)	4,240
Changes in working capital:		
Decrease/(increase) in inventories	17,246	(5,566)
(Increase)/decrease in receivables	(2,004)	27,638
Decrease in payables	(10,127)	(12,439)
Cash (used in)/generated from operations	(3,672)	13,873
Interest paid	(609)	(631)
Taxes paid, net of refund	(2,279)	(5,171)
Net cash flows (used in)/from operating activities carried forward	(6,560)	8,071

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Interim report for the six-month period ended 30 June 2019

	Note	6 months ended	
		30.06.2019 RM'000	30.06.2018 RM'000
Net cash flows (used in)/from operating activities brought forward		(6,560)	8,071
Investing activities			
Acquisition of property, plant and equipment		(3,935)	(6,057)
Acquisition of other assets		(901)	-
Acquisition of other investments		(528)	(1,530)
Interest received		107	99
Proceeds from disposal of other investments		500	7,469
Proceeds from disposal of property, plant and equipment		1,396	1,152
(Increase)/decrease in short-term deposits with maturity more than three months		(4,969)	2,674
Net cash flows (used in)/from investing activities		<u>(8,330)</u>	<u>3,807</u>
Financing activities			
Dividend paid		-	(2,805)
Dividend paid to non-controlling interest		(573)	(1,241)
Term loan obtained		3,827	-
Repayment of term loan		-	(1,391)
Net cash flows from/(used in) financing activities		<u>3,254</u>	<u>(5,437)</u>
Net (decrease)/increase in cash and cash equivalents		(11,636)	6,441
Effect of foreign exchange rate changes		259	(1,680)
Cash and cash equivalents at 1 January		<u>41,870</u>	<u>45,086</u>
Cash and cash equivalents at 30 June	19	<u><u>30,493</u></u>	<u><u>49,847</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 six-month period ended 30 June 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:

	Effective for annual periods beginning
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.

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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 period ended 30 June 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 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.

7. Dividends paid

There was no dividend paid during the financial period ended 30 June 2019.

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.

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.

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PART A – Explanatory Notes Pursuant to MFRS 134

11. Revenue

	6 months ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Revenue from contracts with customers	179,578	195,912
Dividend income	4	158
	<u>179,582</u>	<u>196,070</u>

12. Loss before tax

	6 months ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Loss for the six-month period is arrived at after charging/(crediting):		
Amortisation of deferred capital grant	(101)	(101)
Credit losses on trade receivables, net	18	18
Depreciation of investment properties	174	174
Depreciation of property, plant and equipment	11,316	11,378
Dividend income	(4)	(158)
Gains on disposal of property, plant and equipment	(245)	(307)
(Gains)/loss on fair value changes		
- derivatives	(1,059)	232
- other investments	(2,096)	1,039
Impairment on property, plant and equipment	1,000	-
Interest expense	609	631
Interest income	(107)	(99)
Inventories written off	47	61
Loss/(gains) on disposal of other investments	3	(126)
Property, plant and equipment written off	-	1
Unrealised (gains)/loss on foreign exchange, net	(380)	1,502
Write-down of inventories (reversed)/provided	(788)	362
	<u><u></u></u>	<u><u></u></u>

PART A – Explanatory Notes Pursuant to MFRS 134

13. Income tax expense

	6 months ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Current income tax:		
Malaysian income tax	1,166	1,105
Foreign tax	298	1,695
	<u>1,464</u>	<u>2,800</u>
Deferred income tax	(66)	(3,000)
Income tax expense for the period	<u><u>1,398</u></u>	<u><u>(200)</u></u>

The Group's effective tax rate for current financial period ended 30 June 2019 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.

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:

	6 months ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	<u>(18,790)</u>	<u>(10,436)</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><u>(13.40)</u></u>	<u><u>(7.44)</u></u>

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

During the current financial period, the Group acquired property, plant and equipment at a cost of RM3,935,000 (30 June 2018: RM6,057,000)

The Group disposed of property, plant and equipment with carrying amount of RM1,151,000 during the six-month period (30 June 2018: RM845,000), resulting in gains on disposal of RM245,000 (30 June 2018: gains of RM307,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

	30.06.2019	31.12.2018
	RM'000	RM'000
Cost		
At 1 January	29,286	21,597
Addition	-	7,689
Translation difference	(27)	-
	<u>29,259</u>	<u>29,286</u>
Accumulated depreciation		
At 1 January	1,732	1,383
Charge for the period/year	174	349
	<u>1,906</u>	<u>1,732</u>
Net carrying amount		
At 30 June/31 December	<u><u>27,353</u></u>	<u><u>27,554</u></u>

17. Intangible assets

	30.06.2019	31.12.2018
	RM'000	RM'000
Cost		
Goodwill	9,838	9,838
Arrangements with franchisee	11,793	10,892
Brands	4,857	4,857
	<u>26,488</u>	<u>25,587</u>
Accumulated impairment		
At 30 June/31 December	<u>(9,838)</u>	<u>(9,838)</u>
Net carrying amount		
At 30 June/31 December	<u><u>16,650</u></u>	<u><u>15,749</u></u>

PART A – Explanatory Notes Pursuant to MFRS 134

18. Inventories

During the current financial period ended 30 June 2019, the Group recognised a reversal of write-down on inventories provided of RM788,000 (30 June 2018: a write-down of RM362,000) 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:

	30.06.2019	31.12.2018
	RM'000	RM'000
Cash on hand and at bank	31,105	37,114
Deposits with financial institutions	15,793	16,703
	<hr/>	<hr/>
Cash and bank balances	46,898	53,817
Bank overdrafts (Note 21)	(612)	(1,123)
	<hr/>	<hr/>
Deposits with maturity more than 3 months	46,286 (15,793)	52,694 (10,824)
	<hr/>	<hr/>
Cash and cash equivalents	30,493	41,870
	<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 (30 June 2018: 155,616,013) issued and fully paid ordinary shares as at 30 June 2019, 15,376,900 (30 June 2018: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 June 2019, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 June 2018: 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 are as follows:

	30.06.2019	31.12.2018
	RM'000	RM'000
Current		
Bank overdrafts, secured	612	1,123
Trade facilities, unsecured	4,199	-
Term loans, secured	2,895	2,895
	<u>7,706</u>	<u>4,018</u>
Non-current		
Term loans, secured	18,591	18,963
Total loans and borrowings	<u>26,297</u>	<u>22,981</u>
Changes in liabilities arising from financing activities		
At 1 January	22,981	24,711
(Repayment)/drawn down of overdraft	(511)	1,050
Drawn down of borrowings	5,288	-
Repayment of borrowings	(1,461)	(2,780)
At 30 June/31 December	<u>26,297</u>	<u>22,981</u>

The term loans denominated in Ringgit Malaysia, 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.

Certain borrowings of the Group are denominated in foreign currency, Australian Dollar.

	30.06.2019	31.12.2018
	RM'000	RM'000
Trade facilities, current	4,199	-
Term loan, non-current	1,089	-
At 30 June/31 December	<u>5,288</u>	<u>-</u>

KIM HIN INDUSTRY BHD

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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 30 June 2019 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	<u>14,678</u>	<u>14,555</u>	<u>123</u>	Strengthening of USD

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

	30.06.2019		31.12.2018	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	<u>26,297</u>	<u>26,297</u>	<u>22,981</u>	<u>22,981</u>

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
30.06.2019				
Financial assets				
Other investments				
- Unquoted unit trust	24,294	24,294	-	-
Derivative assets	123	-	123	-
	<u>24,417</u>	<u>24,294</u>	<u>123</u>	<u>-</u>
	=====	=====	=====	=====
31.12.2018				
Financial assets/(liabilities)				
Other investments				
- Unquoted unit trusts	22,170	22,170	-	-
Derivative liabilities	(930)	-	(930)	-
	<u>21,240</u>	<u>22,170</u>	<u>(930)</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 six-month period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

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 six-month period ended 30 June 2019 and 30 June 2018:

	6 months ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	998	998
Insurance commission earned as insurance agent	39	115
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	581	371
Directors' interest		
Renovation and maintenance costs	51	98
Purchase of ceramic tiles for resale	4	690
Sales of ceramic tiles	33	10
	=====	=====

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 June 2019 was as follows:

	30.06.2019	31.12.2018
	RM'000	RM'000
Authorised and contracted for	8,420	8,501
Authorised but not contracted for	6,600	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.

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
30.06.2019					
<i>Segment Revenue</i>					
Total sales	100,368	22,450	68,539	2,386	193,743
Inter-segment sales	(13,608)	(553)	-	-	(14,161)
	<u>86,760</u>	<u>21,897</u>	<u>68,539</u>	<u>2,386</u>	<u>179,582</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(13,014)	1,299	(4,892)	42	(16,565)
Finance cost	(527)	-	(82)	-	(609)
(Loss)/profit before tax	(13,541)	1,299	(4,974)	42	(17,174)
Income tax expense	(1,167)	(297)	66	-	(1,398)
(Loss)/profit for the period	(14,708)	1,002	(4,908)	42	(18,572)
Non-controlling interest	-	(205)	-	(13)	(218)
(Loss)/profit attributable to owners of the parent	<u>(14,708)</u>	<u>797</u>	<u>(4,908)</u>	<u>29</u>	<u>(18,790)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2019:

	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	341,519	86,104	104,279	3,441	535,343
Inter-segment assets	-	-	-	-	-
	<u>341,519</u>	<u>86,104</u>	<u>104,279</u>	<u>3,441</u>	<u>535,343</u>
<i>Segment Liabilities</i>					
Total liabilities	50,591	7,527	38,710	139	96,967
Inter-segment liabilities	-	-	-	-	-
	<u>50,591</u>	<u>7,527</u>	<u>38,710</u>	<u>139</u>	<u>96,967</u>

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 RM'000	China Operation RM'000	Australia Operation RM'000	Vietnam Operation RM'000	Total RM'000
30.06.2018					
<i>Segment Revenue</i>					
Total sales	103,292	28,049	77,477	2,301	211,119
Inter-segment sales	(14,545)	(504)	-	-	(15,049)
	<u>88,747</u>	<u>27,545</u>	<u>77,477</u>	<u>2,301</u>	<u>196,070</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(12,605)	1,491	1,303	75	(9,736)
Finance cost	(613)	-	(18)	-	(631)
(Loss)/profit before tax	(13,218)	1,491	1,285	75	(10,367)
Income tax expense	1,413	(388)	(825)	-	200
Loss for the period	(11,805)	1,103	460	75	(10,167)
Non-controlling interest	-	(247)	-	(22)	(269)
Loss attributable to owners of the parent	<u>(11,805)</u>	<u>856</u>	<u>460</u>	<u>53</u>	<u>(10,436)</u>

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

	Malaysia Operation RM'000	China Operation RM'000	Australia Operation RM'000	Vietnam Operation RM'000	Total RM'000
<i>Segment Assets</i>					
Total assets	361,887	90,897	108,150	3,566	564,500
Inter-segment assets	-	-	-	-	-
	<u>361,887</u>	<u>90,897</u>	<u>108,150</u>	<u>3,566</u>	<u>564,500</u>
<i>Segment Liabilities</i>					
Total liabilities	62,796	10,128	33,281	233	106,438
Inter-segment liabilities	-	-	-	-	-
	<u>62,796</u>	<u>10,128</u>	<u>33,281</u>	<u>233</u>	<u>106,438</u>

KIM HIN INDUSTRY BHD

(Company No: 018203-V)

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

28. Performance review

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

During the current financial period under review, revenue of the Group decreased from RM196.1 million to RM179.6 million as compared with the preceding year's corresponding financial period ended 30 June 2018 due to the slow-down in domestic markets of all major geographical segments in which the Group operates as well as oversea markets.

The Group registered a loss before tax of RM17.2 million for the current financial period as compared to a loss before tax of RM10.4 million recorded in the preceding year's corresponding financial period 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 increased to RM95.7 million from RM83.8 million, mainly due to the seasonal factors as disclosed in Note 3, which normally affects sales in the first quarter.

The Group recorded a loss before tax of RM8.7 million for the current financial quarter under review as compared to a loss before tax of RM8.5 million for the immediate preceding 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 22 August 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 30 June 2019 (30 June 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 30 June 2019 and 30 June 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 30 June 2019 and 30 June 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.

	As at 30.06.2019	As at 31.12.2018
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	219,701	240,570
- Unrealised	8,298	5,701
	<hr/>	<hr/>
	227,999	246,271
Less: Consolidated adjustments	14	532
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	<u>228,013</u>	<u>246,803</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**23 August 2019**