

KEIN HING INTERNATIONAL BERHAD
(Company No. 616056-T)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarter and three (3) months ended 31 July 2012 - unaudited

	Note	3 Months Ended		Period Ended	
		31 Jul 2012	31 Jul 2011	31 Jul 2012	31 Jul 2011
<i>In thousands of RM</i>					
Revenue		<u>38,357</u>	<u>46,222</u>	<u>38,357</u>	<u>46,222</u>
Operating profit		1,130	5,108	1,130	5,108
Investment income		41	27	41	27
Finance costs		(370)	(408)	(370)	(408)
Share of net results in associates		13	92	13	92
Profit before tax		<u>814</u>	<u>4,819</u>	<u>814</u>	<u>4,819</u>
Income tax expense	B6	(107)	(1,030)	(107)	(1,030)
Profit for the period	B5	<u>707</u>	<u>3,789</u>	<u>707</u>	<u>3,789</u>
Other comprehensive income, net of tax					
Foreign currency translation differences					
for foreign operations		368	-	368	-
Fair value of available-for-sale financial assets		3	-	3	-
Share of capital reserve by a non-controlling interest of a subsidiary		71	59	71	59
Total comprehensive income for the period		<u>1,149</u>	<u>3,848</u>	<u>1,149</u>	<u>3,848</u>
Profit attributable to:					
Owners of the Company		122	3,428	122	3,428
Non-controlling interests		585	361	585	361
Profit for the period		<u>707</u>	<u>3,789</u>	<u>707</u>	<u>3,789</u>
Total comprehensive income attributable to:					
Owners of the Company		337	3,428	337	3,428
Non-controlling interests		812	420	812	420
Total comprehensive income for the period		<u>1,149</u>	<u>3,848</u>	<u>1,149</u>	<u>3,848</u>
Earnings per share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	<u>0.12</u>	<u>3.46</u>	<u>0.12</u>	<u>3.46</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2012 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

KEIN HING INTERNATIONAL BERHAD
(Company No. 616056-T)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 July 2012 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jul 2012	As at 30 Apr 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		86,277	86,803
Prepaid lease payments		3,977	1,744
Investment in associates		1,465	1,453
Other investments		695	675
		<u>92,414</u>	<u>90,675</u>
Current assets			
Trade and other receivables		25,731	23,920
Inventories		13,462	14,223
Current tax assets		438	-
Cash and cash equivalents		14,849	14,403
Assets classified as held for sale		637	637
		<u>55,117</u>	<u>53,183</u>
TOTAL ASSETS		<u>147,531</u>	<u>143,858</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		39,103	38,766
		<u>88,603</u>	<u>88,266</u>
Non-controlling interests		5,435	4,623
Total equity		<u>94,038</u>	<u>92,889</u>
Non-current liabilities			
Loans and borrowings	B8	8,364	9,134
Trade and other payables		1,542	1,212
Deferred tax liabilities		4,053	4,147
		<u>13,959</u>	<u>14,493</u>
Current liabilities			
Loans and borrowings	B8	13,733	14,005
Trade and other payables		25,516	22,180
Current tax liabilities		285	291
		<u>39,534</u>	<u>36,476</u>
Total liabilities		<u>53,493</u>	<u>50,969</u>
TOTAL EQUITY AND LIABILITIES		<u>147,531</u>	<u>143,858</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.89</u>	<u>0.89</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2012 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

KEIN HING INTERNATIONAL BERHAD
(Company No. 616056-T)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three (3) months ended 31 July 2012 – unaudited

	Attributable to Owners of the Company							Non-controlling Interests	Total Equity
	Non-distributable				Distributable				
	Share Capital	Share Premium	Translation reserve	Fair value reserve	Retained earnings	Total			
<i>In thousands of RM</i>									
At 1 May 2012 (restated)	49,500	2,669	-	(7)	36,104	88,266	4,623	92,889	
Total comprehensive income for the period	-	-	212	3	122	337	812	1,149	
At 31 July 2012	<u>49,500</u>	<u>2,669</u>	<u>212</u>	<u>(4)</u>	<u>36,226</u>	<u>88,603</u>	<u>5,435</u>	<u>94,038</u>	
At 1 May 2011 (restated)	49,500	2,669	-	(25)	32,076	84,220	3,066	87,286	
Total comprehensive income for the period	-	-	-	-	3,428	3,428	420	3,848	
At 31 July 2011 (restated)	<u>49,500</u>	<u>2,669</u>	<u>-</u>	<u>(25)</u>	<u>35,504</u>	<u>87,648</u>	<u>3,486</u>	<u>91,134</u>	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2012 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

KEIN HING INTERNATIONAL BERHAD
(Company No. 616056-T)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended 31 July 2012 – unaudited

<i>In thousands of RM</i>	3 Months Ended	
	31 Jul 2012	31 Jul 2011
Cash flows from operating activities		
Profit before tax	814	4,819
Adjustments for:		
Non-cash items	2,544	2,586
Non-operating items	328	381
Operating profit before working capital changes	<u>3,686</u>	<u>7,786</u>
Changes in working capital:		
Inventories	761	(679)
Trade and other receivables	(1,810)	389
Trade and other payables	3,310	521
Cash generated from operations	<u>5,947</u>	<u>8,017</u>
Income tax paid	(646)	(557)
Net cash generated from operating activities	<u>5,301</u>	<u>7,460</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	95	61
Purchase of property, plant and equipment	(1,454)	(2,070)
Purchase of prepaid lease payments	(2,188)	-
Purchase of other investments	(17)	-
Dividend received	-	56
Interest received	22	15
Net cash used in investing activities	<u>(3,542)</u>	<u>(1,938)</u>
Cash flows from financing activities		
Advances from a non-controlling interest of a subsidiary	490	490
Proceeds from term loans	361	431
Repayment of advances to Directors	(80)	(80)
Repayment of term loans	(352)	(1,115)
(Repayment of) / Proceeds from other borrowings	(676)	(17)
Repayment of finance lease liabilities	(1,120)	(1,599)
Interest paid	(333)	(384)
Net cash used in financing activities	<u>(1,710)</u>	<u>(2,274)</u>
Exchange differences on translation of the financial statements of foreign operations	(142)	-
Net (decrease)/increase in cash and cash equivalents	(93)	3,248
Cash and cash equivalents at beginning of financial year	<u>11,247</u>	<u>4,372</u>
Cash and cash equivalents at end of financial period	<u>11,154</u>	<u>7,620</u>
Cash and cash equivalents at end of financial period comprise:		
Cash & bank balances	8,376	6,631
Deposits with licensed banks (excluding deposits pledged)	6,347	3,760
Bank overdrafts	(3,569)	(2,771)
	<u>11,154</u>	<u>7,620</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2012 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation
First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of *MFRS 134: Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities’ Listing Requirements”).

For the periods up to and including the financial year ended 30 April 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). This report is the Group's first MFRS compliant condensed consolidated interim financial statements and hence *MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)* has been applied. The date of transition to the MFRS framework is 1 January 2012. At the beginning of current reporting period or 1 May 2012, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The change of the transition from FRS to MFRS is described in Note A2.

The condensed consolidated interim financial statements should also be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 30 April 2012. These 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 last financial year ended 30 April 2012.

The supplementary information set out in Note B13, which is not part of the financial statements, is disclosed in accordance with the Guidance of *Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the context of Disclosure Pursuant to Bursa Securities’ Listing Requirements.

A2. Changes in accounting policies

The audited financial statements of the Group for the financial year ended 30 April 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 April 2012 except as discussed below:

Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS. Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM1,787,480 (31 July 2011: RM1,787,480; 30 April 2012: RM1,861,636) were adjusted to retained earnings.

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS to those reported in previous periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 May 2011

RM'000	FRS as at 1.5.2011	Reclassifications	MFRS as at 1.5.2011
Equity			
Translation reserve	(1,787)	1,787	-
Retained earnings	33,863	(1,787)	32,076

Reconciliation of equity as at 31 July 2011

RM'000	FRS as at 31.7.2011	Reclassifications	MFRS as at 31.7.2011
Equity			
Translation reserve	(1,787)	1,787	-
Retained earnings	37,291	(1,787)	35,504

Reconciliation of equity as at 30 April 2012

RM'000	FRS as at 30.4.2012	Reclassifications	MFRS as at 30.4.2012
Equity			
Translation reserve	(1,862)	1,862	-
Retained earnings	37,966	(1,862)	36,104

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Items of Other Comprehensive Income*

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits*
- MFRS 127, *Separate Financial Statements*
- MFRS 128, *Investments in Associates and Joint Ventures*
- Amendments to MFRS 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Offsetting Financial Assets and Financial Liabilities*

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in November 2009 and October 2010)

The initial applications of these MFRSs, Amendments and Interpretations, if applicable, are not expected to have any material financial impacts to the current and prior periods' consolidated financial statements upon their first adoption.

The MFRSs, Amendments and Interpretations which were issued but not yet effective have not been early adopted by the Group.

A3. Seasonal and cyclical factors

The Group's business operation results were not materially affected by any major seasonal and/or cyclical factors.

A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 July 2012.

A5. Material changes in estimates

There were no changes in estimates that have had material effect for the current quarter ended 31 July 2012.

A6. Issuances and repayment of debt and equity securities

There were no issuance, repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter under review.

A7. Dividend Paid

No dividend was paid during the current quarter ended 31 July 2012.

A8. Segmental information

Segmental information is presented in respect of the Group's business segments as follows:-

Results for the 3 months ended 31 July 2012

	<u>Manufacturing</u>	<u>Trading</u>	<u>Investment</u> <u>Holding</u>	<u>Adjustment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	36,461	1,896	-	-	38,357
Inter-segment	1,121	65	-	(1,186)	-
Total revenue	37,582	1,961	-	(1,186)	38,357
Segment results	1,113	35	(35)	17	1,130
Investment income					41
Finance costs					(370)
Share of net results in associates					13
Profit before tax					814
Income tax expense					(107)
Profit for the period					707

A9. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current quarter under review.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 July 2012.

A11. Changes in contingent liabilities

There were no changes in contingent liabilities or contingent assets of a material nature since the last annual reporting period.

A12. Capital commitments

Capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at end of the reporting period were as follows:-

Approved and contracted for	RM'000
	2,400

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group registered revenue of RM38.3 million for the current 1st Quarter as compared to RM46.2 million reported in the corresponding quarter last year, representing a decrease of RM7.9 million or -17%. The revenue from business operations in Malaysia declined mainly due to the significant decrease in sales order for flat panel TV's component parts which started to slow down since the beginning of year 2012. Whereas, the revenue achieved by a subsidiary in Vietnam remained strong and intact.

Due to the decline in revenue, the Group reported a lower profit before tax ("PBT") of RM0.8 million for the current 1st quarter as compared to PBT of RM4.8 million last year, representing a decrease of RM4.0 million or -83%.

B2. Variation of results against preceding quarter

The Group registered PBT of RM0.8 million for the current 1st quarter as compared to PBT of RM0.6 million reported in the immediate preceding 4th quarter of the last financial year. The increase in PBT of RM0.2 million or 41% was mainly due to the slight improvement in sales.

B3. Prospects

The business outlook in 2012 remains uncertain amid growing concern over negative effects resulting from stagnant economies in Europe and United States coupled with slower growth than anticipated in China and India. Against this global backdrop, the electrical and electronics industries are in general going through challenging times while our major customers braced themselves against stiff competition from rivals.

In Malaysia, our customers' order for component parts of flat panel TV has reduced significantly in year 2012 whereas in Vietnam, the customer demand remains strong in tandem with their expansion plans. Nevertheless, the customers' demand trend may encounter fluctuation in the short term in view of global economic uncertainties.

Against the above challenges and based on prudence, the Board of Directors foresees that the Group's financial performance for the financial year ending 30 April 2013 will be affected by lower revenue.

B4. Variance of actual and forecast profit

The Group did not provide any profit forecast or profit guarantee for the financial period ended 31 July 2012.

B5. Profit for the period

	3 Months Ended 31.7.2012 RM'000
Profit for the period is arrived at after charging/(crediting):-	
Depreciation and amortisation	2,585
Finance costs	370
Property, plant and equipment written off	6
Gain on disposal of property, plant and equipment	(35)
Net foreign exchange gain	(133)
Investment income	(41)

B.6 Income Tax expense

	3 Months Ended 31.7.2012 RM'000
Current tax expense	
- Malaysian income tax	24
- Foreign income tax	177
- Under provision in prior year	
Deferred tax expense	(94)
Total	107

The effective tax rates of the Group for the current quarter was lower than the statutory income tax rate of 25% mainly due to tax incentive received by a subsidiary in Vietnam.

B7. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the date of this report.

B8. Group loans and borrowings

The Group loans and borrowings as at 31 July 2012 were as follows:

	Short Term RM'000	Long Term RM'000
<u>Unsecured</u>		
Bankers' acceptance	945	-
<u>Secured</u>		
Bank overdrafts	3,569	-
Bills payable	3,240	-
Term loans	1,842	6,180
Finance lease liabilities	4,137	2,184
	<u>12,788</u>	<u>8,364</u>
Total borrowings	<u>13,733</u>	<u>8,364</u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM5.8 million which are denominated in US Dollar.

B9. Changes in material litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries.

B10. Dividend payable

The Board of Directors proposed a final tax exempt dividend of 1 sen per share totalling RM990,000 in respect of the financial year ended 30 April 2012 (2011 : tax exempt dividend of 2 sen per share). The entitlement and payment dates fall on 23 October 2012 and 20 November 2012 respectively. No interim dividend was declared during the financial period ended 31 July 2012 (2011 : NIL).

B11. Basic earnings per share

The basic earnings per share are calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current 1st quarter under review as follows:-

	3 Months Ended 31.7.2012 RM'000	3 Months Ended 31.7.2011 RM'000
Earnings		
Profit attributable to owners of the Company	<u>122</u>	<u>3,428</u>
Weighted average number of ordinary shares in issue ('000)	<u>99,000</u>	<u>99,000</u>
Basic earnings per share (sen)	<u>0.12</u>	<u>3.46</u>

B12. Auditors' report on preceding annual financial statements

The independent auditors' report on the audited annual financial statements of the Group and of the Company for the last financial year ended 30 April 2012 was not qualified.

B13. Retained earnings

The breakdown of the retained earnings of the Group as at 31 July 2012, into realised and unrealised profits, is as follows:

	As at 31.7.2012 RM'000
The retained profits of the Company and its subsidiaries:	
- Realised	41,163
- Unrealised	(4,529)
	<hr/> 36,634
The share of retained profits from associated company:	
- Realised	1,122
- Unrealised	(158)
	<hr/> 37,598
Consolidation adjustments	(1,372)
	<hr/>
Total group retained profits as per consolidated financial statements	<u><u>36,226</u></u>

B14. Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 September 2012.

By Order of the Board,

Yap Toon Choy
Group Managing Director
27 September 2012