

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the quarter and six (6) months ended 31 October 2012 - unaudited

<i>In thousands of RM</i>	Note	3 Months Ended		Period Ended	
		31 Oct 2012	31 Oct 2011	31 Oct 2012	31 Oct 2011
<b>Revenue</b>		<u>38,403</u>	<u>44,820</u>	<u>76,760</u>	<u>91,042</u>
Operating profit		364	4,559	1,494	9,667
Investment income		42	29	83	56
Finance costs		(399)	(397)	(769)	(805)
Share of net results in associates		<u>123</u>	<u>240</u>	<u>136</u>	<u>332</u>
<b>Profit before tax</b>		<b>130</b>	<b>4,431</b>	<b>944</b>	<b>9,250</b>
Income tax expense	B6	(35)	(811)	(142)	(1,841)
<b>Profit for the period</b>	B5	<u>95</u>	<u>3,620</u>	<u>802</u>	<u>7,409</u>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences					
for foreign operations		-	(46)	368	(46)
Fair value of available-for-sale financial assets		2	15	5	15
Share of capital reserve by					
a non-controlling interest of a subsidiary		-	-	71	59
<b>Total comprehensive income for the period</b>		<u>97</u>	<u>3,589</u>	<u>1,246</u>	<u>7,437</u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		(235)	3,149	(113)	6,577
Non-controlling interests		<u>330</u>	<u>471</u>	<u>915</u>	<u>832</u>
Profit for the period		<u>95</u>	<u>3,620</u>	<u>802</u>	<u>7,409</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(461)	3,138	103	6,566
Non-controlling interests		<u>558</u>	<u>451</u>	<u>1,143</u>	<u>871</u>
Total comprehensive income for the period		<u>97</u>	<u>3,589</u>	<u>1,246</u>	<u>7,437</u>
<b>Earnings/(Loss) per share</b>					
<b>attributable to owners</b>					
<b>of the Company (sen):</b>					
Basic/ Diluted	B11	<u>(0.24)</u>	<u>3.18</u>	<u>(0.11)</u>	<u>6.64</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 October 2012 – unaudited**

<i>In thousands of RM</i>	Note	As at 31 Oct 2012	As at 30 Apr 2012 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		88,928	86,803
Prepaid lease payments		3,964	1,744
Investment in associates		1,588	1,453
Other investments		697	675
		<u>95,177</u>	<u>90,675</u>
<b>Current assets</b>			
Trade and other receivables		25,684	23,920
Inventories		15,166	14,223
Current tax assets		884	-
Cash and cash equivalents		13,887	14,403
Assets classified as held for sale		-	637
		<u>55,621</u>	<u>53,183</u>
<b>TOTAL ASSETS</b>		<u>150,798</u>	<u>143,858</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		49,500	49,500
Reserves		38,869	38,766
		88,369	88,266
Non-controlling interests		5,766	4,623
<b>Total equity</b>		<u>94,135</u>	<u>92,889</u>
<b>Non-current liabilities</b>			
Loans and borrowings	B8	10,091	9,134
Trade and other payables		1,510	1,212
Deferred tax liabilities		3,971	4,147
		<u>15,572</u>	<u>14,493</u>
<b>Current liabilities</b>			
Loans and borrowings	B8	13,523	14,005
Trade and other payables		27,256	22,180
Current tax liabilities		312	291
		<u>41,091</u>	<u>36,476</u>
<b>Total liabilities</b>		<u>56,663</u>	<u>50,969</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>150,798</u>	<u>143,858</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<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 six (6) months ended 31 October 2012 – unaudited

	Attributable to Owners of the Company							Total Equity
	Non-distributable				Distributable		Non- controlling Interests	
	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	-	-	211	5	(113)	103	1,143	1,246
At 31 October 2012	<u>49,500</u>	<u>2,669</u>	<u>211</u>	<u>(2)</u>	<u>35,991</u>	<u>88,369</u>	<u>5,766</u>	<u>94,135</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	-	-	(26)	15	6,577	6,566	871	7,437
At 31 October 2011 (restated)	<u>49,500</u>	<u>2,669</u>	<u>(26)</u>	<u>(10)</u>	<u>38,653</u>	<u>90,786</u>	<u>3,937</u>	<u>94,723</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 six (6) months ended 31 October 2012 – unaudited**

<i>In thousands of RM</i>	Period Ended	
	31 Oct 2012	31 Oct 2011
<b>Cash flows from operating activities</b>		
Profit before tax	944	4,819
Adjustments for:		
Non-cash items	5,058	2,586
Non-operating items	685	381
Operating profit before working capital changes	6,687	7,786
Changes in working capital:		
Inventories	(943)	(679)
Trade and other receivables	(1,763)	389
Trade and other payables	3,129	521
Cash generated from operations	7,110	8,017
Income tax paid	(1,181)	(557)
<b>Net cash generated from operating activities</b>	<b>5,929</b>	<b>7,460</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	748	61
Purchase of property, plant and equipment	(4,154)	(2,070)
Purchase of prepaid lease payments	(2,188)	-
Purchase of other investments	(17)	-
Dividend received	-	56
Interest received	43	15
<b>Net cash used in investing activities</b>	<b>(5,568)</b>	<b>(1,938)</b>
<b>Cash flows from financing activities</b>		
Advances from a non-controlling interest of a subsidiary	490	490
Proceeds from term loans	2,126	431
Repayment of advances to Directors	(140)	(80)
Repayment of term loans	(998)	(1,115)
(Repayment of) / Proceeds from other borrowings	(501)	(17)
Repayment of finance lease liabilities	(2,561)	(1,599)
Interest paid	(690)	(384)
<b>Net cash used in financing activities</b>	<b>(2,274)</b>	<b>(2,274)</b>
Exchange differences on translation of the financial statements of foreign operations	(142)	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,055)</b>	<b>3,248</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>11,247</b>	<b>4,372</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>9,192</b>	<b>7,620</b>
<b>Cash and cash equivalents at end of financial period comprise:</b>		
Cash & bank balances	7,383	6,631
Deposits with licensed banks (excluding deposits pledged)	6,378	3,760
Bank overdrafts	(4,569)	(2,771)
	<b>9,192</b>	<b>7,620</b>

*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 October 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
<b>Equity</b>			
Translation reserve	(1,787)	1,787	-
Retained earnings	33,863	(1,787)	32,076

Reconciliation of equity as at 31 October 2011

RM'000	FRS as at 31.10.2011	Reclassifications	MFRS as at 31.10.2011
<b>Equity</b>			
Translation reserve	(1,787)	1,787	-
Retained earnings	40,440	(1,787)	38,653

Reconciliation of equity as at 30 April 2012

RM'000	FRS as at 30.4.2012	Reclassifications	MFRS as at 30.4.2012
<b>Equity</b>			
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 and financial period ended 31 October 2012.

**A5. Material changes in estimates**

There were no changes in estimates that have had material effect for the current quarter and financial period ended 31 October 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 and financial period under review.

**A7. Dividend Paid**

The first and final tax exempt dividend of 1 sen per share or 2% totaling RM990,000 in respect of the financial year ended 30 April 2012 had been paid by the Company to the entitled shareholders of the Company on 20 November 2012.

#### A8. Segmental information

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

##### *Results for the 6 months ended 31 October 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	73,215	3,545	-	-	76,760
Inter-segment	3,148	116	-	(3,264)	-
<b>Total revenue</b>	<b>76,363</b>	<b>3,661</b>	<b>-</b>	<b>(3,264)</b>	<b>76,760</b>
<b>Segment results</b>	<b>1,593</b>	<b>(44)</b>	<b>(90)</b>	<b>35</b>	<b>1,494</b>
Investment income					83
Finance costs					(769)
Share of net results in associates					136
<b>Profit before tax</b>					<b>944</b>
Income tax expense					(142)
<b>Profit for the period</b>					<b>802</b>

#### 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 and financial period ended 31 October 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 but not contracted for	<u>RM'000</u> <u>1,800</u>
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## **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 RM38.4 million and RM76.8 million for the current 2<sup>nd</sup> Quarter and financial year-to-date as compared to RM44.8 million and RM91.0 million reported in the corresponding quarter and financial period last year, representing a decrease of RM6.4 million or -14% and RM14.2 million or -16% respectively.

The revenue from business operations in Malaysia declined mainly due to the significant decrease in sales order for flat panel TV's component and the revenue from a subsidiary in Vietnam remained stagnant.

Due to the decline in revenue, the Group reported a lower profit before tax ("PBT") of RM0.1 million and RM0.9 million for the current 2<sup>nd</sup> quarter and financial year-to-date as compared to PBT of RM4.4 million and RM9.2 million last year, representing a decrease of RM4.3 million or -97% and RM8.3 million or -90% respectively.

### **B2. Variation of results against preceding quarter**

The Group registered PBT of RM0.1 million for the current 2<sup>nd</sup> quarter as compared to PBT of RM0.8 million reported in the immediate preceding 1<sup>st</sup> quarter of the current financial year. The decrease in PBT of RM0.7 million or -84% was mainly due to the sales and marketing activities for Zenne gas cooker products.

### **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 stagnant. Against the above challenges, 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 October 2012.

**B5. Profit for the period**

	3 Months Ended 31.10.2012 RM'000	6 Months Ended 31.10.2012 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	2,644	5,229
Finance costs	399	769
Property, plant and equipment written off	7	13
Gain on disposal of property, plant and equipment	(13)	(48)
Net foreign exchange gain	(80)	(213)
Investment income	(42)	(83)

**B.6 Income Tax expense**

	3 Months Ended 31.10.2012 RM'000	6 Months Ended 31.10.2012 RM'000
Current tax expense		
- Malaysian income tax	(9)	15
- Foreign income tax	126	303
- Under provision in prior year		
Deferred tax expense	(82)	(176)
<b>Total</b>	<u>35</u>	<u>142</u>

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 October 2012 were as follows:

	Short Term RM'000	Long Term RM'000
<b><u>Unsecured</u></b>		
Bankers' acceptance	1,646	-
<b><u>Secured</u></b>		
Bank overdrafts	4,569	-
Bills payable	2,713	-
Term loans	1,922	7,220
Finance lease liabilities	2,673	2,871
	<u>11,877</u>	<u>10,091</u>
<b>Total borrowings</b>	<u>13,523</u>	<u>10,091</u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM6.0 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**

No interim dividend was declared during the current quarter and financial period ended 31 October 2012 (2011 : NIL).

**B11. Basic earnings/(loss) per share**

The basic earnings/(loss) per share are calculated by dividing profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current 2<sup>nd</sup> quarter under review as follows:-

	3 Months Ended 31.10.2012 RM'000	3 Months Ended 31.10.2011 RM'000
Earnings/(Loss)		
Profit/(loss) attributable to owners of the Company	<u>(235)</u>	<u>3,149</u>
Weighted average number of ordinary shares in issue ('000)	<u>99,000</u>	<u>99,000</u>
<b>Basic earnings/(loss) per share (sen)</b>	<u>(0.24)</u>	<u>3.18</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**

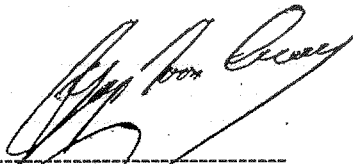
The breakdown of the retained earnings of the Group as at 31 October 2012, into realised and unrealised profits, is as follows:

	As at 31.10.2012 RM'000
The retained profits of the Company and its subsidiaries:	
- Realised	41,338
- Unrealised	<u>(4,448)</u>
	36,890
The share of retained profits from associated company:	
- Realised	1,246
- Unrealised	<u>(158)</u>
	37,978
Consolidation adjustments	<u>(1,987)</u>
<b>Total group retained profits as per consolidated financial statements</b>	<u><b>35,991</b></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 18 December 2012.

By Order of the Board,



Yap Toon Choy  
Group Managing Director  
18 December 2012