

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarter and nine (9) months ended 31 January 2013 - unaudited

	Note	3 Months Ended		Period Ended	
		31 Jan 2013	31 Jan 2012	31 Jan 2013	31 Jan 2012
<i>In thousands of RM</i>					
Revenue		38,508	37,990	115,268	129,032
Operating profit		1,738	516	3,232	10,183
Investment income		42	35	125	91
Finance costs		(454)	(399)	(1,223)	(1,204)
Share of net results in associates		27	160	163	492
Profit before tax		1,353	312	2,297	9,562
Income tax expense	B6	(768)	(348)	(910)	(2,189)
Profit/(Loss) for the period	B5	585	(36)	1,387	7,373
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		50	(14)	418	(60)
Fair value of available-for-sale financial assets		(1)	5	4	20
Share of capital reserve by a non-controlling interest of a subsidiary		71	62	142	121
Total comprehensive income for the period		705	17	1,951	7,454
Profit/(Loss) attributable to:					
Owners of the Company		363	(292)	250	6,285
Non-controlling interests		222	256	1,137	1,088
Profit/(Loss) for the period		585	(36)	1,387	7,373
Total comprehensive income attributable to:					
Owners of the Company		412	(295)	515	6,271
Non-controlling interests		293	312	1,436	1,183
Total comprehensive income for the period		705	17	1,951	7,454
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	0.37	(0.29)	0.25	6.35

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 January 2013 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jan 2013	As at 30 Apr 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		86,986	86,803
Prepaid lease payments		3,970	1,744
Investment in associates		1,566	1,453
Other investments		695	675
		<u>93,217</u>	<u>90,675</u>
Current assets			
Trade and other receivables		25,003	23,920
Inventories		16,452	14,223
Current tax assets		1,041	-
Cash and cash equivalents		15,628	14,403
Assets classified as held for sale		-	637
		<u>58,124</u>	<u>53,183</u>
TOTAL ASSETS		<u>151,341</u>	<u>143,858</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		38,291	38,766
		<u>87,791</u>	<u>88,266</u>
Non-controlling interests		6,059	4,623
Total equity		<u>93,850</u>	<u>92,889</u>
Non-current liabilities			
Loans and borrowings	B8	10,978	9,134
Trade and other payables		1,916	1,212
Deferred tax liabilities		4,106	4,147
		<u>17,000</u>	<u>14,493</u>
Current liabilities			
Loans and borrowings	B8	16,187	14,005
Trade and other payables		23,925	22,180
Current tax liabilities		380	291
		<u>40,492</u>	<u>36,476</u>
Total liabilities		<u>57,492</u>	<u>50,969</u>
TOTAL EQUITY AND LIABILITIES		<u>151,342</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 nine (9) months ended 31 January 2013 – unaudited

	Attributable to Owners of the Company							Non-controlling Interests	Total Equity
	Non-distributable				Distributable		Total		
	Share Capital	Share Premium	Translation reserve	Fair value reserve	Retained earnings				
<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	-	-	261	4	250	515	1,436	1,951	
Dividends	-	-	-	-	(990)	(990)	-	(990)	
At 31 January 2013	49,500	2,669	261	(3)	35,364	87,791	6,059	93,850	
At 1 May 2011 (restated)	49,500	2,669	-	(25)	32,076	84,220	3,066	87,286	
Total comprehensive income for the period	-	-	(34)	20	6,285	6,271	1,183	7,454	
Acquisition of non-controlling interests	-	-	-	-	(17)	(17)	(14)	(31)	
Issuance of a subsidiary's shares to NCI	-	-	-	-	-	-	9	9	
Dividends	-	-	-	-	(1,980)	(1,980)	-	(1,980)	
At 31 January 2012 (restated)	49,500	2,669	(34)	(5)	36,364	88,494	4,244	92,738	

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 nine (9) months ended 31 January 2013 – unaudited

<i>In thousands of RM</i>	Period Ended	
	31 Jan 2013	31 Jan 2012
Cash flows from operating activities		
Profit before tax	2,297	9,562
Adjustments for:		
Non-cash items	7,742	9,167
Non-operating items	1,098	1,113
Operating profit before working capital changes	11,137	19,842
Changes in working capital:		
Inventories	(2,229)	557
Trade and other receivables	(1,083)	6,115
Trade and other payables	1,510	(3,820)
Cash generated from operations	9,335	22,694
Income tax paid	(1,903)	(1,657)
Net cash generated from operating activities	7,432	21,037
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	765	95
Purchase of property, plant and equipment	(4,172)	(8,645)
Purchase of prepaid lease payments	(2,205)	-
Purchase of other investments	(17)	-
Acquisition of non-controlling interests	-	(31)
Dividend received	50	96
Interest received	62	52
Net cash used in investing activities	(5,517)	(8,433)
Cash flows from financing activities		
Advances from a non-controlling interest of a subsidiary	980	980
Proceeds from term loans	3,386	2,894
Repayment of advances to Directors	(200)	(200)
Repayment of term loans	(1,496)	(2,932)
(Repayment of) / Proceeds from other borrowings	(113)	(1,068)
Repayment of finance lease liabilities	(3,880)	(4,808)
Proceeds from issuance of shares to non-controlling interests	-	9
Dividends paid	(990)	(1,980)
Interest paid	(1,100)	(1,127)
Net cash used in financing activities	(3,413)	(8,232)
Exchange differences on translation of the financial statements of foreign operations	(91)	7
Net (decrease)/increase in cash and cash equivalents	(1,589)	4,379
Cash and cash equivalents at beginning of financial year	11,247	4,372
Cash and cash equivalents at end of financial period	9,658	8,751
Cash and cash equivalents at end of financial period comprise:		
Cash & bank balances	8,993	6,662
Deposits with licensed banks (excluding deposits pledged)	6,510	4,537
Bank overdrafts	(5,845)	(2,448)
	9,658	8,751

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.

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

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 January 2012: 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 January 2012

RM'000	FRS as at 31.1.2012	Reclassifications	MFRS as at 31.1.2012
Equity			
Translation reserve	(1,821)	1,787	(34)
Retained earnings	38,151	(1,787)	36,364

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*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*
- Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

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

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

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

- Amendments to MFRS 9, *Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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 January 2013.

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 January 2013.

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 9 months ended 31 January 2013

	<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	109,653	5,615	-	-	115,268
Inter-segment	4,562	215	-	4,777	-
Total revenue	114,215	5,830	-	(4,777)	115,268
Segment results	3,741	95	(167)	(437)	3,232
Investment income					125
Finance costs					(1,223)
Share of net results in associates					163
Profit before tax					2,297
Income tax expense					(910)
Profit for the period					1,387

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 January 2013.

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 RM38.5 million for the current 3rd Quarter as compared to RM38.0 million reported in the corresponding quarter last year, representing a slight increase of RM0.5 million or 1.4%. However, the revenue for the financial year-to-date reduced from RM129.0 million last year to RM115.3 million, a decrease of RM13.8 million or -10.7%. The revenue from business operations in Malaysia declined mainly due to the significant decrease in sales order for flat panel TV's components whereas the revenue from a subsidiary company in Vietnam experienced a slight growth mainly attributed to the increase in demand for home appliances components.

Against the above, the Group reported a profit before tax ("PBT") of RM1.3 million for the current 3rd quarter as compared to PBT of RM0.3 million last year, an increase of RM1.0 million. The increase in PBT was mainly due to the one-time loss of RM1.7 million arising from the disposal of investment in an associated company recognised in prior corresponding quarter. However, the Group's PBT for the financial year-to-date reduced from RM9.6 million last year to RM2.3 million, a decrease of RM7.3 million or -76% mainly due to the drop in sales.

B2. Variation of results against preceding quarter

The Group registered PBT of RM1.3 million for the current 3rd quarter as compared to PBT of RM0.1 million reported in the immediate preceding 2nd quarter of the current financial year. The increase in PBT of RM1.2 million or 941% was mainly attributed to lower marketing activities and cost savings through efficiency.

B3. Prospects

The business outlook in 2013 remains uncertain as the global economy has yet to recover from the crisis of 2008 – 2009, stagnant economies in Europe and United States and slower growth than anticipated in China and India. Against this global backdrop, the electrical and electronics industries are generally going through challenging times while our major customers brace themselves against stiff competition from rivals.

In Malaysia, our customers' order for component parts of flat panel TV has reduced significantly since 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 January 2013.

B5. Profit for the period

	3 Months Ended 31.1.2013 RM'000	9 Months Ended 31.1.2013 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	2,688	7,917
Finance costs	454	1,223
Property, plant and equipment written off	1	14
Gain on disposal of property, plant and equipment	(16)	(64)
Net foreign exchange gain	(14)	(227)
Investment income	(42)	(125)

B.6 Income Tax expense

	3 Months Ended 31.1.2013 RM'000	9 Months Ended 31.1.2013 RM'000
Current tax expense		
- Malaysian income tax	41	56
- Foreign income tax	138	441
- Under provision in prior year	454	454
Deferred tax expense	135	(41)
Total	768	910

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 January 2013 were as follows:

	Short Term RM'000	Long Term RM'000
<u>Unsecured</u>		
Bankers' acceptance	1,804	-
<u>Secured</u>		
Bank overdrafts	5,845	-
Bills payable	2,944	-
Term loans	2,048	7,855
Finance lease liabilities	3,546	3,123
	14,383	10,978
Total borrowings	16,187	10,978

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM6.4 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 January 2013 (2012 : 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 3rd quarter under review as follows:-

	3 Months Ended 31.1.2013 RM'000	3 Months Ended 31.1.2012 RM'000
Earnings/(Loss)		
Profit/(loss) attributable to owners of the Company	<u>363</u>	<u>(292)</u>
Weighted average number of ordinary shares in issue ('000)	<u>99,000</u>	<u>99,000</u>
Basic earnings/(loss) per share (sen)	<u>0.37</u>	<u>(0.29)</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

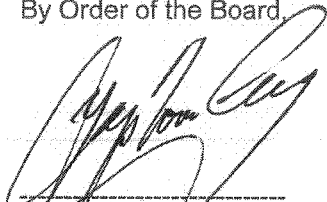
The breakdown of the retained earnings of the Group as at 31 January 2013, into realised and unrealised profits, is as follows:

	As at 31.1.2013 RM'000
The retained profits of the Company and its subsidiaries:	
- Realised	41,072
- Unrealised	<u>(4,582)</u>
	36,490
The share of retained profits from associated company:	
- Realised	1,254
- Unrealised	<u>(189)</u>
	37,555
Consolidation adjustments	<u>(2,191)</u>
Total group retained profits as per consolidated financial statements	<u>35,364</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 22 March 2013.

By Order of the Board,



Yap Toon Choy
Group Managing Director
22 March 2013