

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the quarter and financial period ended 31 January 2014 - unaudited

	Note	3 Months Ended		Financial Period Ended	
		31 Jan 2014	31 Jan 2013	31 Jan 2014	31 Jan 2013
<i>In thousands of RM</i>					
Revenue		39,461	38,508	119,087	115,268
Operating profit		2,655	1,738	5,120	3,232
Investment income		113	42	194	125
Finance costs		(473)	(454)	(1,436)	(1,223)
Share of profit of equity-accounted investee, net of tax		12	27	100	163
Profit before tax		2,307	1,353	3,978	2,297
Income tax expense	B6	(513)	(768)	(922)	(910)
Profit for the period	B5	1,794	585	3,056	1,387
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		1,057	50	1,738	418
Fair value of available-for-sale financial assets		-	(1)	1	4
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Share of capital reserve by a non-controlling interest of a subsidiary		-	71	-	142
Total comprehensive income for the period		2,851	705	4,795	1,951
Profit/(Loss) attributable to:					
Owners of the Company		1,224	363	1,746	250
Non-controlling interests		570	222	1,310	1,137
Profit for the period		1,794	585	3,056	1,387
Total comprehensive income attributable to:					
Owners of the Company		1,910	412	2,882	515
Non-controlling interests		941	293	1,913	1,436
Total comprehensive income for the period		2,851	705	4,795	1,951
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	1.24	0.37	1.76	0.25

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2013 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 2014 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jan 2014	As at 30 Apr 2013 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		85,251	85,165
Prepaid lease payments		4,056	3,795
Investment in associates		1,556	1,506
Other investments		696	695
		<u>91,559</u>	<u>91,161</u>
Current assets			
Trade and other receivables		29,660	25,877
Inventories		15,447	14,667
Current tax assets		983	996
Cash and cash equivalents		14,714	14,644
		<u>60,804</u>	<u>56,184</u>
TOTAL ASSETS		<u>152,363</u>	<u>147,345</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		38,417	36,523
		<u>87,917</u>	<u>86,023</u>
Non-controlling interests		7,971	6,063
Total equity		<u>95,888</u>	<u>92,086</u>
Non-current liabilities			
Loans and borrowings	B8	8,970	9,567
Trade and other payables		1,197	1,641
Deferred tax liabilities		4,150	4,192
		<u>14,317</u>	<u>15,400</u>
Current liabilities			
Loans and borrowings	B8	18,791	18,084
Trade and other payables		23,292	21,390
Current tax liabilities		75	385
		<u>42,158</u>	<u>39,859</u>
Total liabilities		<u>56,475</u>	<u>55,259</u>
TOTAL EQUITY AND LIABILITIES		<u>152,363</u>	<u>147,345</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.89</u>	<u>0.87</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 2013 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 financial period ended 31 January 2014 – 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 2013	49,500	2,669	(149)	(3)	34,006	86,023	6,063	92,086	
Total comprehensive income for the period	-	-	1,135	1	1,746	2,882	1,913	4,795	
Acquisition of non-controlling interests	-	-	-	-	2	2	(5)	(3)	
Dividends	-	-	-	-	(990)	(990)	-	(990)	
At 31 January 2014	49,500	2,669	986	(2)	34,764	87,917	7,971	95,888	
At 1 May 2012 (restated)	49,500	2,669	(74)	(7)	36,178	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	187	(3)	35,438	87,791	6,059	93,850	

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 2013 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 financial period ended 31 January 2014 – unaudited

<i>In thousands of RM</i>	Financial Period Ended	
	31 Jan 2014	31 Jan 2013
Cash flows from operating activities		
Profit before tax	3,978	2,297
Adjustments for:		
Non-cash items	8,345	7,742
Non-operating items	1,242	1,098
Operating profit before working capital changes	13,565	11,137
Changes in working capital:		
Inventories	(780)	(2,229)
Trade and other receivables	(3,783)	(1,083)
Trade and other payables	1,655	1,510
Cash generated from operations	10,657	9,335
Income tax paid	(1,285)	(1,903)
Net cash generated from operating activities	9,372	7,432
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	43	765
Purchase of property, plant and equipment	(6,101)	(4,172)
Increase in prepaid lease payments	-	(2,205)
Acquisition of non-controlling interests in a subsidiary	(3)	-
Purchase of other investments	-	(17)
Dividends received	50	50
Interest received	128	62
Net cash used in investing activities	(5,883)	(5,517)
Cash flows from financing activities		
Advances from a non-controlling interest of a subsidiary	-	980
Proceeds from term loans	2,077	3,386
Repayment of advances to Directors	(260)	(200)
Repayment of term loans	(1,973)	(1,496)
Proceeds from/(Repayment of) other borrowings	372	(113)
Repayment of finance lease liabilities	(2,515)	(3,880)
Dividends paid	(990)	(990)
Interest paid	(1,307)	(1,100)
Net cash used in financing activities	(4,596)	(3,413)
Net decrease in cash and cash equivalents	(1,107)	(1,498)
Exchange differences on translation of the financial statements of foreign operations	197	(91)
Cash and cash equivalents at beginning of financial year	7,384	11,247
Cash and cash equivalents at end of financial period	6,474	9,658
Cash and cash equivalents at end of financial period comprise:		
Cash & bank balances	6,653	8,993
Deposits with licensed banks (excluding deposits pledged)	7,931	6,510
Bank overdrafts	(8,110)	(5,845)
	6,474	9,658

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2013 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”).

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 2013. 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 2013.

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 Group has adopted the MFRSs, Amendments to MFRSs and IC Interpretation (if applicable) which become effective during the current financial year. The adoption of these pronouncements did not have any impact on the financial statements of the Group, except for the following:

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

This Amendment changes the grouping of item presented in other comprehensive income, ie. Items that may be reclassified subsequently to profit or loss and Items that will not be reclassified subsequently to profit or loss respectively. The adoption of this Amendment affects presentation only and has no financial impact on the Group’s financial statements.

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 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

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

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to FRS7, *Financial Instruments: Disclosures – Mandatory 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 2014.

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 2014.

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 2013 had been paid by the Company to the entitled shareholders of the Company on 20 November 2013. No interim dividend was paid during the current quarter and financial period ended 31 January 2014.

A8. Segmental information

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

Results for the financial period ended 31 January 2014

	<u>Manufacturing</u>	<u>Trading</u>	<u>Investment Holding</u>	<u>Adjustment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	113,806	5,281	-	-	119,087
Inter-segment	4,650	317	-	(4,967)	-
Total revenue	118,456	5,598	-	(4,967)	119,087
Segment results	5,484	92	(172)	(284)	5,120
Investment income					194
Finance costs					(1,436)
Share of profit of equity-accounted investee, net of tax					100
Profit before tax					3,978
Income tax expense					(922)
Profit for the period					3,056

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 2014 save as disclosed below.

The Company had on 28 August 2013 acquired 30,000 ordinary shares from a non-controlling interest of Kein Hing Appliances Sdn Bhd ("KHA") for a cash consideration of RM3,000, and thus KHA becomes a wholly-owned subsidiary of the Company.

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'000 594
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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 RM39.5 million and RM119.1 million for the current 3rd quarter and financial year-to-date as compared to RM38.5 million and RM115.3 million reported in the corresponding quarter and financial period last year, representing an increase in sales by RM1.0 million or 2% and RM3.8 million or 3% respectively. The growth in sales was mainly attributed to the additional orders for printers' components in Vietnam. Whereas, the business operation in Malaysia has yet to recover from the drop in sales of flat panel TV's components, however the decline in sales was moderated by additional orders from certain existing and new customers.

Against the above, the Group reported a profit before tax ("PBT") of RM2.3 million and RM4.0 million for the current 3rd quarter and financial year-to-date as compared to PBT of RM1.3 million and RM2.3 million last year, representing an improvement in PBT by RM1.0 million or 71% and RM1.7 million or 73% respectively. The increase in PBT was mainly attributed to higher revenue achieved during the current quarter and financial period under review.

B2. Variation of results against preceding quarter

The Group reported a PBT of RM2.3 million for the current 3rd quarter as compared to PBT of RM1.3 million reported in the immediate preceding 2nd quarter of the current financial year. The increase in PBT of RM1.0 million was mainly attributed to higher margin achieved during the quarter under review.

B3. Prospects

The business outlook in 2014 remains fragile as the global economy has yet to recover from the crisis of 2008 – 2009, stagnant economies in Europe and United States and slower growth in China. 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, there are signs of improvement in sales going forward. In Vietnam, customers' orders are expected to experience growth. In view of the above, the Board of Directors foresees that the Group will achieve a satisfactory result for the financial year ending 30 April 2014.

B4. Variance of actual and forecast profit

The Group did not provide any profit forecast or profit guarantee for the financial year ending 30 April 2014.

B5. Profit for the period

	3 Months Ended 31.1.2014 RM'000	Period Ended 31.1.2014 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	2,798	8,278
Finance costs	473	1,436
Property, plant and equipment written off	-	156
(Gain)/Loss on disposal of property, plant and equipment	-	6
Net foreign exchange gain	(482)	(808)
Investment income	(113)	(194)

B.6 Income Tax expense

	3 Months Ended 31.1.2014 RM'000	Period Ended 31.1.2014 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	246	320
- <i>Foreign income tax</i>	283	628
- <i>Under provision in prior year</i>	16	16
	<u>545</u>	<u>964</u>
Deferred tax expense	<u>(32)</u>	<u>(42)</u>
Total	<u><u>513</u></u>	<u><u>922</u></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 January 2014 were as follows:

	Short Term RM'000	Long Term RM'000
<u>Unsecured</u>		
Bankers' acceptance	<u>2,274</u>	<u>-</u>
<u>Secured</u>		
Bank overdrafts	8,110	-
Bills payable	3,689	-
Term loans	2,517	6,707
Finance lease liabilities	2,201	2,263
	<u>16,517</u>	<u>8,970</u>
Total borrowings	<u><u>18,791</u></u>	<u><u>8,970</u></u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM7.6 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 2014 (2013 : 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 31.1.2014 RM'000	3 Months Ended 31.1.2013 RM'000
Earnings/(Loss)		
Profit/(loss) attributable to owners of the Company	<u>1,224</u>	<u>363</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>1,24</u>	<u>0.37</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 2013 was not qualified.

B13. Retained earnings

The breakdown of the retained earnings of the Group as at 31 January 2014, into realised and unrealised profits, is as follows:

	As at 31.1.2014 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	41,913
- Unrealised	(4,609)
	<hr/> 37,304
The share of retained earnings from associated company:	
- Realised	1,215
- Unrealised	(160)
	<hr/> 38,359
Consolidation adjustments	(3,595)
	<hr/>
Total retained earnings of the Group	<u><u>34,764</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 28 March 2014.

By Order of the Board,

Yap Toon Choy
Group Managing Director
28 March 2014