

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

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

For the quarter and financial year ended 30 April 2014 - unaudited

<i>In thousands of RM</i>	Note	3 Months Ended		Financial Year Ended	
		30 Apr 2014	30 Apr 2013	30 Apr 2014	30 Apr 2013
Revenue		<u>40,726</u>	<u>34,300</u>	<u>159,813</u>	<u>149,568</u>
Operating profit		991	(562)	6,111	2,669
Investment income		114	228	308	353
Finance costs		(495)	(522)	(1,931)	(1,745)
Share of profit/(loss) of equity-accounted investee, net of tax	A4	<u>(156)</u>	<u>(60)</u>	<u>(56)</u>	<u>103</u>
Profit/(Loss) before tax		<u>454</u>	<u>(916)</u>	<u>4,432</u>	<u>1,380</u>
Income tax expense	B6	(925)	(287)	(1,847)	(1,214)
Profit/(Loss) for the period	B5	<u>(471)</u>	<u>(1,203)</u>	<u>2,585</u>	<u>166</u>
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		(305)	(543)	1,433	(124)
Fair value of available-for-sale financial assets		(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		-	-	-	142
Total comprehensive income for the period		<u>(777)</u>	<u>(1,746)</u>	<u>4,018</u>	<u>188</u>
Profit/(Loss) attributable to:					
Owners of the Company		(591)	(1,415)	1,155	(1,183)
Non-controlling interests		120	212	1,430	1,349
Profit/(Loss) for the period		<u>(471)</u>	<u>(1,203)</u>	<u>2,585</u>	<u>166</u>
Total comprehensive income attributable to:					
Owners of the Company		(776)	(1,751)	2,106	(1,253)
Non-controlling interests		(1)	5	1,912	1,441
Total comprehensive income for the period		<u>(777)</u>	<u>(1,746)</u>	<u>4,018</u>	<u>188</u>
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	<u>(0.60)</u>	<u>(1.43)</u>	<u>1.17</u>	<u>(1.19)</u>

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 30 April 2014 – unaudited

<i>In thousands of RM</i>	Note	As at 30 Apr 2014	As at 30 Apr 2013 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		83,653	85,165
Prepaid lease payments		3,981	3,795
Investment in associates	A4	-	1,506
Other investments		696	695
		<u>88,330</u>	<u>91,161</u>
Current assets			
Trade and other receivables		28,469	25,877
Inventories		18,069	14,667
Current tax assets		-	996
Cash and cash equivalents		16,959	14,644
Assets classified as held for sale	A4	1,400	-
		<u>64,897</u>	<u>56,184</u>
TOTAL ASSETS		<u>153,227</u>	<u>147,345</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		37,613	36,523
		<u>87,113</u>	<u>86,023</u>
Non-controlling interests		7,998	6,063
Total equity		<u>95,111</u>	<u>92,086</u>
Non-current liabilities			
Loans and borrowings	B8	8,973	9,567
Trade and other payables		1,014	1,641
Deferred tax liabilities		4,081	4,192
		<u>14,068</u>	<u>15,400</u>
Current liabilities			
Loans and borrowings	B8	19,614	18,084
Trade and other payables		23,588	21,390
Current tax liabilities		846	385
		<u>44,048</u>	<u>39,859</u>
Total liabilities		<u>58,116</u>	<u>55,259</u>
TOTAL EQUITY AND LIABILITIES		<u>153,227</u>	<u>147,345</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.88</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 year ended 30 April 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 year	-	-	951	-	1,155	2,106	1,912	4,018	
Acquisition and disposal of non-controlling interests	-	-	-	-	(26)	(26)	23	(3)	
Dividends	-	-	-	-	(990)	(990)	-	(990)	
At 30 April 2014	49,500	2,669	802	(3)	34,145	87,113	7,998	95,111	
At 1 May 2012 (restated)	49,500	2,669	(74)	(7)	36,179	88,267	4,622	92,889	
Total comprehensive income for the year	-	-	(75)	4	(1,183)	(1,254)	1,441	187	
Dividends	-	-	-	-	(990)	(990)	-	(990)	
At 30 April 2013	49,500	2,669	(149)	(3)	34,006	86,023	6,063	92,086	

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 year ended 30 April 2014 – unaudited

<i>In thousands of RM</i>	Financial Year Ended	
	30 Apr 2014	30 Apr 2013
Cash flows from operating activities		
Profit before tax	4,432	1,380
Adjustments for:		
Non-cash items	11,512	10,509
Non-operating items	1,623	1,392
Operating profit before working capital changes	17,567	13,281
Changes in working capital:		
Inventories	(3,402)	(444)
Trade and other receivables	(2,800)	(1,957)
Trade and other payables	2,727	(1,022)
Cash generated from operations	14,092	9,858
Income tax paid	(501)	(2,051)
Net cash generated from operating activities	13,591	7,807
Cash flows from investing activities		
Acquisition of other investments	-	(16)
Acquisition of property, plant and equipment	(6,753)	(5,173)
Acquisition of non-controlling interests in a subsidiary	(3)	-
Proceeds from disposal of asset held for sales	-	648
Proceeds from disposal of property, plant and equipment	48	124
Increase in prepaid lease payments	-	(2,116)
Dividends received	50	50
Interest received	222	265
Increase in pledged deposits with licensed banks	(4)	(4)
Net cash used in investing activities	(6,440)	(6,222)
Cash flows from financing activities		
Advances from a non-controlling interest of a subsidiary	-	980
Proceeds from term loans	2,651	3,329
Repayment of advances to Directors	(1,238)	(262)
Repayment of term loans	(2,177)	(2,222)
Proceeds from/(Repayment of) other borrowings	2,552	730
Repayment of finance lease liabilities	(3,286)	(5,228)
Dividends paid	(990)	(990)
Interest paid	(1,763)	(1,573)
Net cash used in financing activities	(4,251)	(5,236)
Net increase/(decrease) in cash and cash equivalents	2,900	(3,651)
Exchange differences on translation of the financial statements of foreign operations	58	(213)
Cash and cash equivalents at beginning of financial year	7,383	11,247
Cash and cash equivalents at end of financial year	10,341	7,383
Cash and cash equivalents at end of financial year comprise:		
Cash & bank balances	8,449	7,832
Deposits with licensed banks (excluding deposits pledged)	8,377	6,682
Bank overdrafts	(6,485)	(7,131)
	10,341	7,383

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, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - 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 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

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)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – 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 year ended 30 April 2014 except for the following.

The effects of the Agreement in relation to the disposal of investment in an associate (refer to Note A10 (2)) are summarized as follows:-

	Increase/ (Decrease) RM'000
Assets	
Investment in associates	(1,609)
Assets classified as held for sale	1,400
Equity	
Retained earnings	(209)
Net income	
Impairment loss on assets classified as held for sale	(209)
	<hr/>
<i>Decrease in basic earnings per share (sen)</i>	<i>(0.21)</i>
	<hr/>

A5. Material changes in estimates

There were no changes in estimates that have had material effect for the current quarter and financial year ended 30 April 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 year 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 last financial year ended 30 April 2013 had been paid by the Company to the entitled shareholders of the Company on 20 November 2013.

A8. Segmental information

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

Results for the financial year ended 30 April 2014

	<u>Manufacturing</u> RM'000	<u>Trading</u> RM'000	Investment <u>Holding</u> RM'000	<u>Adjustment</u> RM'000	<u>Consolidated</u> RM'000
Revenue from external customers	152,856	6,957	-	-	159,813
Inter-segment	5,855	463	-	(6,318)	-
Total revenue	<hr/> 158,711	<hr/> 7,420	<hr/> -	<hr/> (6,318)	<hr/> 159,813
Segment results	<hr/> 6,979	<hr/> 55	<hr/> (250)	<hr/> (673)	<hr/> 6,111
Investment income					308
Finance costs					(1,931)
Share of profit of equity-accounted investee, net of tax					(56)
Profit before tax					<hr/> 4,432
Income tax expense					(1,847)
Profit for the year					<hr/> 2,585

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 year ended 30 April 2014 save as disclosed below.

(1) 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.

(2) The Company had on 29 April 2014 entered into an agreement to dispose of its entire equity interest of 400,000 ordinary shares representing 25% equity interest in Polychrome Sdn Bhd ("PSB") to the existing individual substantial shareholders and directors of PSB for a total cash consideration of RM1,400,000 (the "Agreement"). Following the Agreement, the investment in an associate is classified as held for sale as at 30 April 2014.

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:-

	As at
	30.4.2014
	RM'000
Approved and contracted for	1,516
Approved but not contracted for	587
Total	<u>2,103</u>

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 RM40.7 million and RM159.8 million for the current 4th quarter and financial year as compared to RM34.3 million and RM149.6 million reported in the corresponding quarter and last financial year, representing an increase in sales by RM6.4 million or 18% and RM10.2 million or 7% respectively. The growth in sales was mainly attributed to the additional orders for home appliances and printer components in both Malaysia and Vietnam.

In tandem with the above, the Group reported a profit before tax ("PBT") of RM0.5 million and RM4.4 million for the current 4th quarter and financial year respectively. As against the loss before tax of RM0.9 million and a PBT of RM1.4 million reported in the corresponding quarter and period last year, it represents a turnaround by RM1.4 million for the current quarter and an improvement in PBT by RM3.0 million or 221% for the financial year respectively. The increase in PBT was mainly attributed to higher revenue achieved during the current quarter and financial year under review despite the one-off loss arising from the Agreement in relation to the disposal of an associate amounting to RM209,000 recognised in the current 4th quarter.

B2. Variation of results against preceding quarter

The Group reported a PBT of RM0.5 million for the current 4th quarter as compared to PBT of RM2.3 million reported in the immediate preceding 3rd quarter of the current financial year, representing a decrease of RM1.8 million. The decrease in PBT was mainly due to the cost incurred for development of new items during the current 4th quarter.

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 2015.

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 2015.

B5. Profit for the period

	3 Months Ended 30.4.2014 RM'000	Year Ended 30.4.2014 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	2,804	11,082
Finance costs	495	1,931
Property, plant and equipment written off	8	164
(Gain)/Loss on disposal of property, plant and equipment	(4)	2
Impairment loss on trade receivables	209	209
Impairment loss on assets classified as held for sale	209	209
Net foreign exchange gain	(327)	(1,135)
Investment income	(114)	(308)

B.6 Income tax expense

	3 Months Ended 30.4.2014 RM'000	Year Ended 30.4.2014 RM'000
Current tax expense		
- Malaysian income tax	732	1,052
- Foreign income tax	99	727
- Under provision in prior year	163	179
	<u>994</u>	<u>1,958</u>
Deferred tax expense	(69)	(111)
Total	<u><u>925</u></u>	<u><u>1,847</u></u>

The effective tax rates of the Group for the current quarter and financial year were higher than the statutory income tax rate of 25% mainly due to non-deductible expenses and non-availability of group relief for losses incurred by certain subsidiary companies.

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 30 April 2014 were as follows:

	Short Term RM'000	Long Term RM'000
Unsecured		
Bankers' acceptance	4,895	-
Secured		
Bank overdrafts	6,485	-
Bills payable	3,248	-
Term loans	2,898	6,698
Finance lease liabilities	2,088	2,275
	<u>14,719</u>	<u>8,973</u>
Total borrowings	<u><u>19,614</u></u>	<u><u>8,973</u></u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM7.0 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

The Board of Directors proposed a final single tier dividend of 2% or 1 sen per share totalling RM990,000 in respect of the current financial year ended 30 April 2014 (2013 : Tax exempt dividend of 2% or 1 sen per share). The entitlement and payment dates will be announced at a date to be determined later by the Board of Directors. No interim dividend was declared during the financial year ended 30 April 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 4th quarter under review as follows:-

	3 Months Ended 30.4.2014 RM'000	3 Months Ended 30.4.2013 RM'000
Earnings/(Loss)		
Profit/(loss) attributable to owners of the Company	<u>(591)</u>	<u>(1,415)</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><u>(0.60)</u></u>	<u><u>(1.43)</u></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 30 April 2014, into realised and unrealised profits, is as follows:

	As at 30.4.2014 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	43,122
- Unrealised	(5,611)
	<hr/>
	37,511
Consolidation adjustments	(3,366)
	<hr/>
Total retained earnings of the Group	34,145
	<hr/> <hr/>

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 June 2014.

By Order of the Board,

Yap Toon Choy
Group Managing Director
27 June 2014