

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 July 2014 - unaudited

	Note	3 Months Ended		Financial Period Ended	
		31 Jul 2014	31 Jul 2013	31 Jul 2014	31 Jul 2013
<i>In thousands of RM</i>					
Revenue		48,455	38,580	48,455	38,580
Operating profit		3,082	740	3,082	740
Investment income		74	39	74	39
Finance costs		(488)	(508)	(488)	(508)
Share of profit of equity-accounted associate, net of tax		-	47	-	47
Profit before tax		2,668	318	2,668	318
Income tax expense	B6	(653)	(197)	(653)	(197)
Profit for the period	B5	2,015	121	2,015	121
Other comprehensive income, net of tax					
<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		114	-	114	-
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		(674)	1,310	(674)	1,310
Fair value of available-for-sale financial assets		-	(1)	-	(1)
Total comprehensive income for the period		1,455	1,430	1,455	1,430
Profit/(Loss) attributable to:					
Owners of the Company		1,567	(190)	1,567	(190)
Non-controlling interests		448	311	448	311
Profit for the period		2,015	121	2,015	121
Total comprehensive income attributable to:					
Owners of the Company		1,135	659	1,135	659
Non-controlling interests		320	771	320	771
Total comprehensive income for the period		1,455	1,430	1,455	1,430
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	1.58	(0.19)	1.58	(0.19)

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 2014 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 2014 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jul 2014	As at 30 Apr 2014 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		82,738	83,653
Prepaid lease payments		3,844	3,981
Other investments		695	696
		<u>87,277</u>	<u>88,330</u>
Current assets			
Trade and other receivables		31,129	28,468
Inventories		22,629	18,069
Cash and bank balances		17,859	16,960
Assets classified as held for sale		-	1,400
		<u>71,617</u>	<u>64,897</u>
TOTAL ASSETS		<u>158,894</u>	<u>153,227</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		38,754	37,617
		<u>88,254</u>	<u>87,117</u>
Non-controlling interests		8,321	8,002
Total equity		<u>96,575</u>	<u>95,119</u>
Non-current liabilities			
Loans and borrowings	B8	7,881	8,973
Trade and other payables		1,694	1,014
Deferred tax liabilities		4,031	4,081
		<u>13,606</u>	<u>14,068</u>
Current liabilities			
Loans and borrowings	B8	19,403	19,611
Trade and other payables		28,334	23,580
Current tax liabilities		976	849
		<u>48,713</u>	<u>44,040</u>
Total liabilities		<u>62,319</u>	<u>58,108</u>
TOTAL EQUITY AND LIABILITIES		<u>158,894</u>	<u>153,227</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.89</u>	<u>0.88</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 2014 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 July 2014 – unaudited

	Attributable to Owners of the Company							
	Non-distributable				Distributable		Non-controlling interests	Total equity
	Share Capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Total		
<i>In thousands of RM</i>								
At 1 May 2014 (audited)	49,500	2,669	802	(3)	34,149	87,117	8,002	95,119
Profit for the period	-	-	-	-	1,567	1,567	448	2,015
Other comprehensive income for the period, net of tax	-	-	(431)	1	-	(430)	(129)	(559)
Total comprehensive income for the period	-	-	(431)	1	1,567	1,137	319	1,456
At 31 July 2014	49,500	2,669	371	(2)	35,716	88,254	8,321	96,575
At 1 May 2013	49,500	2,669	(149)	(3)	34,006	86,023	6,063	92,086
Profit for the period	-	-	-	-	(190)	(190)	311	121
Other comprehensive income for the period, net of tax	-	-	850	(1)	-	849	460	1,309
Total comprehensive income for the period	-	-	850	(1)	(190)	659	771	1,430
At 31 July 2013	49,500	2,669	701	(4)	33,816	86,682	6,834	93,516

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 2014 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 July 2014 – unaudited

<i>In thousands of RM</i>	Financial Period Ended	
	31 Jul 2014	31 Jul 2013
Cash flows from operating activities		
Profit before tax	2,668	318
Adjustments for:		
Non-cash items	2,933	3,046
Non-operating items	414	468
Operating profit before changes in working capital	6,015	3,832
Changes in working capital:		
Inventories	(4,560)	209
Trade and other receivables	(2,660)	(1,046)
Trade and other payables	5,413	4,036
Cash generated from operations	4,208	7,031
Income tax paid	(576)	(607)
Net cash generated from operating activities	3,632	6,424
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,522)	(2,718)
Proceeds from disposal of asset held for sales	1,400	-
Proceeds from disposal of property, plant and equipment	178	21
Interest received	54	16
Net cash used in investing activities	(890)	(2,681)
Cash flows from financing activities		
Advances from a non-controlling interest in a subsidiary	196	-
Proceeds from term loans	-	155
Repayment of advances to Directors	(80)	(80)
Repayment of term loans	(836)	(688)
Proceeds from/(Repayment of) other borrowings	(1,431)	(1,344)
Repayment of finance lease liabilities	(563)	(1,014)
Interest paid	(448)	(462)
Net cash used in financing activities	(3,162)	(3,433)
Net increase/(decrease) in cash and cash equivalents	(420)	310
Exchange differences on translation of the financial statements of foreign operations	(28)	(2)
Cash and cash equivalents at beginning of financial year	10,345	7,384
Cash and cash equivalents at end of financial year	9,897	7,692
Cash and cash equivalents at end of financial year comprise:		
Cash & bank balances	9,408	8,653
Deposits with licensed banks (excluding pledged deposits)	8,317	6,851
Bank overdraft	(7,828)	(7,812)
	9,897	7,692

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2014 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 2014. 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 2014.

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:

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, Interpretations and amendments 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, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation)*
- Amendments to MFRS 138, *Intangible Assets (Clarification of Acceptable Methods of Amortisation)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- 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 period ended 31 July 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 July 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

No dividend was paid during the current quarter ended 31 July 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 July 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	45,956	2,949	-	-	48,905
Inter-segment	2,676	112	-	-	-
Total revenue	48,632	2,611	-	(2,788)	48,455
Segment results	2,830	250	827	(825)	3,082
Investment income					74
Finance costs					(488)
Profit before tax					2,668
Income tax expense					(653)
Profit for the period					2,015

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 July 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 31.7.2014 RM'000
Approved and contracted for	3,672
Approved but not contracted for	576
Total	4,248

A13. Fair Value Information

The Group uses the following hierarchy for determining the fair value of financial instruments carried at fair value and amortised cost, the different levels have been identified as follows:

Level 1 – Fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 – Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 – Fair value is estimated using unobservable inputs for the financial assets and liabilities.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the Statement of Financial Position as at 31 July 2014.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets								
Other investments	-	498	-	-	-	-	498	498
	-	498	-	-	-	-	498	498
Financial liabilities								
Amount due to a non-controlling interest	-	-	-	-	-	2,573	2,573	2,573
Secured term loans	-	-	-	-	-	8,253	8,253	8,253
Unsecured term loans	-	-	-	-	-	506	506	506
Finance lease liabilities	-	-	-	-	-	3,985	3,985	3,985
	-	-	-	-	-	15,317	15,317	15,317

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 RM48.5 million for the current 1st quarter ended 31 July 2014 as compared to RM38.6 million reported in the corresponding quarter last year, representing an increase in sales by RM9.9 million or 26%. The growth in sales was mainly attributed to the additional orders for home appliances and printer components in both Malaysia and Vietnam. In Malaysia, our sales had recovered from the impact caused by the drastic decrease in customer's order for flat panel TV's components in 2012 and 2013. Whereas, the sales from a subsidiary company in Vietnam continued to experience growth with stronger customers' demand.

In tandem with the increase in revenue, the Group reported a profit before tax ("PBT") of RM2.7 million for the current 1st quarter. As compared to the PBT of RM0.3 million reported in the corresponding quarter last year, it represents a significant improvement by RM2.4 million or 739%.

B2. Variation of results against preceding quarter

The Group reported a PBT of RM2.7 million for the current 1st quarter as compared to PBT of RM0.5 million reported in the immediate preceding 4th quarter of the last financial year, representing a remarkable improvement of RM2.2 million or 488%. The increase in PBT was mainly attributed to higher revenue achieved during the current quarter under review.

B3. Prospects

The world economy is expected to accelerate in 2014 and 2015, with updated growth rates of 2.8 per cent and 3.4 per cent respectively. In Malaysia, it is expected that customers' orders will be sustainable at the current level going forward. Whereas, the growth prospects in Vietnam is expected to be better than previous year in view of stronger customers' demand. Against the above backdrop, 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 31.7.2014 RM'000	Period Ended 31.7.2014 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	2,733	2,733
Finance costs	488	488
Property, plant and equipment written off	82	82
Loss on disposal of property, plant and equipment	118	118
• Net foreign exchange loss	15	15
Investment income	(74)	(74)

B.6 Income tax expense

	3 Months Ended 31.7.2014 RM'000	Period Ended 31.7.2014 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	431	431
- <i>Foreign income tax</i>	109	109
- <i>Under provision in prior year</i>	163	163
	<u>703</u>	<u>703</u>
Deferred tax expense	<u>(50)</u>	<u>(50)</u>
Total	<u><u>653</u></u>	<u><u>653</u></u>

The effective tax rates of the Group for the current quarter and financial period were lower than the statutory income tax rate of 25% mainly due to tax incentive granted to 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 2014 were as follows:

	Short Term RM'000	Long Term RM'000
<u>Unsecured</u>		
Bank overdraft	2,899	-
Bankers' acceptance	3,164	-
Term loans	231	275
	<u>6,294</u>	<u>275</u>
<u>Secured</u>		
Bank overdraft	4,929	-
Bills payable	3,548	-
Term loans	2,601	5,652
Finance lease liabilities	2,031	1,954
	<u>13,109</u>	<u>7,606</u>
Total borrowings	<u>19,403</u>	<u>7,881</u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM6.8 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 single tier dividend of 2% or 1 sen per share totalling RM990,000 in respect of the last 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 period ended 31 July 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 1st quarter under review as follows:-

	3 Months Ended 31.7.2014 RM'000	3 Months Ended 31.7.2013 RM'000
Earnings/(Loss)		
Profit/(loss) attributable to owners of the Company	<u>1,567</u>	<u>(190)</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>1.58</u>	<u>(0.19)</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 2014 was not qualified.

B13. Retained earnings

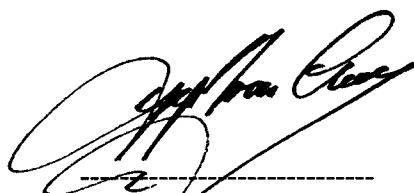
The breakdown of the retained earnings of the Group as at 31 July 2014, into realised and unrealised profits, is as follows:

	As at 31.7.2014 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	46,732
- Unrealised	<u>(6,371)</u>
	40,361
Consolidation adjustments	<u>(4,645)</u>
Total retained earnings of the Group	<u><u>35,716</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 26 September 2014.

By Order of the Board,



Yap Toon Choy
Group Managing Director
26 September 2014