

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 1st quarter and financial period ended 31 July 2015 - unaudited

<i>In thousands of RM</i>	Note	3 Months Ended		Financial Period Ended	
		31 Jul 2015	31 Jul 2014	31 Jul 2015	31 Jul 2014
Revenue		<u>50,010</u>	<u>48,455</u>	<u>50,010</u>	<u>48,455</u>
Operating profit		4,543	3,082	4,543	3,082
Investment income		32	74	32	74
Finance costs		<u>(611)</u>	<u>(488)</u>	<u>(611)</u>	<u>(488)</u>
Profit before tax		3,964	2,668	3,964	2,668
Income tax expense	B6	(987)	(653)	(987)	(653)
Profit for the period	B5	<u>2,977</u>	<u>2,015</u>	<u>2,977</u>	<u>2,015</u>
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		78	114	78	114
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		1,373	(674)	1,373	(674)
Total comprehensive income for the period		<u>4,428</u>	<u>1,455</u>	<u>4,428</u>	<u>1,455</u>
Profit attributable to:					
Owners of the Company		2,111	1,567	2,111	1,567
Non-controlling interests		866	448	866	448
Profit for the period		<u>2,977</u>	<u>2,015</u>	<u>2,977</u>	<u>2,015</u>
Total comprehensive income attributable to:					
Owners of the Company		2,992	1,135	2,992	1,135
Non-controlling interests		1,436	320	1,436	320
Total comprehensive income for the period		<u>4,428</u>	<u>1,455</u>	<u>4,428</u>	<u>1,455</u>
Earnings per ordinary share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	<u>2.13</u>	<u>1.58</u>	<u>2.13</u>	<u>1.58</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 2015 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 2015 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jul 2015	As at 30 Apr 2015 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		95,409	91,241
Prepaid lease payments		6,729	6,478
Investment properties		7,734	6,340
Other investments		199	198
		<u>110,071</u>	<u>104,257</u>
Current assets			
Trade and other receivables		35,650	35,886
Inventories		27,628	24,104
Cash and bank balances		16,757	11,889
		<u>80,035</u>	<u>71,879</u>
TOTAL ASSETS		<u>190,106</u>	<u>176,136</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		44,840	41,848
		<u>94,340</u>	<u>91,348</u>
Non-controlling interests		11,304	9,868
Total equity		<u>105,644</u>	<u>101,216</u>
Non-current liabilities			
Loans and borrowings	B8	15,885	12,652
Trade and other payables		1,731	1,302
Deferred tax liabilities		4,214	4,176
		<u>21,830</u>	<u>18,130</u>
Current liabilities			
Loans and borrowings	B8	26,996	24,900
Trade and other payables		34,909	31,675
Current tax liabilities		727	215
		<u>62,632</u>	<u>56,790</u>
Total liabilities		<u>84,462</u>	<u>74,920</u>
TOTAL EQUITY AND LIABILITIES		<u>190,106</u>	<u>176,136</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.95</u>	<u>0.92</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 2015 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 2015 – 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 2015	49,500	2,669	2,210	-	36,969	91,348	9,868	101,216
Profit for the period	-	-	-	-	2,111	2,111	866	2,977
Other comprehensive income for the year, net of tax	-	-	881	-	-	881	570	1,451
Total comprehensive income for the period	-	-	881	-	2,111	2,992	1,436	4,428
At 31 July 2015	<u>49,500</u>	<u>2,669</u>	<u>3,091</u>	<u>-</u>	<u>39,080</u>	<u>94,340</u>	<u>11,304</u>	<u>105,644</u>
At 1 May 2014	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	<u>49,500</u>	<u>2,669</u>	<u>371</u>	<u>(2)</u>	<u>35,716</u>	<u>88,254</u>	<u>8,321</u>	<u>96,575</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 2015 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 2015 – unaudited

<i>In thousands of RM</i>	Financial Year Ended	
	31 Jul 2015	31 Jul 2014
Cash flows from operating activities		
Profit before tax	3,964	2,668
Adjustments for:		
Non-cash items	2,923	2,933
Non-operating items	579	414
Operating profit before changes in working capital	7,466	6,015
Changes in working capital:		
Inventories	(3,524)	(4,560)
Trade and other receivables	236	(2,660)
Trade and other payables	457	5,413
Cash generated from operations	4,635	4,208
Income tax paid	(437)	(576)
Net cash generated from operating activities	4,198	3,632
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,533)	(2,522)
Acquisition of investment properties	(1,394)	-
Proceeds from disposal of asset held for sales	-	1,400
Proceeds from disposal of property, plant and equipment	1	178
Uplift of pledged deposits with bank	137	-
Interest received	9	54
Net cash used in investing activities	(3,780)	(890)
Cash flows from financing activities		
Advances from a non-controlling interest in a subsidiary	-	196
Proceeds from term loans	5,543	-
Repayment of advances to Directors	-	(80)
Repayment of term loans	(566)	(836)
Proceeds from/(Repayment of) other borrowings	2,782	(1,431)
Repayment of finance lease liabilities	(895)	(563)
Interest paid	(567)	(448)
Net cash generated from/(used in) financing activities	6,297	(3,162)
Net increase/(decrease) in cash and cash equivalents	6,715	(420)
Exchange differences on translation of the financial statements of foreign operations	(81)	(28)
Cash and cash equivalents at beginning of financial year	(225)	10,345
Cash and cash equivalents at end of financial period	6,409	9,897
Cash and cash equivalents at end of financial period comprise:		
Cash & bank balances	12,528	9,408
Deposits with licensed banks (excluding pledged deposits)	4,229	8,317
Bank overdraft	(10,348)	(7,828)
	6,409	9,897

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2015 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 2015. 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 2015.

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 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosure (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

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 ended 31 July 2015.

A5. Material changes in estimates

There were no changes in estimates that have had material effect for the current quarter ended 31 July 2015.

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 under review.

A7. Dividend Paid

No interim dividend was paid during the current quarter ended 31 July 2015.

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 2015

	<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	48,274	1,736	-	-	50,010
Inter-segment	4,114	53	-	(4,167)	-
Total revenue	<u>52,388</u>	<u>1,789</u>	-	<u>(4,167)</u>	<u>50,010</u>
Segment results	<u>4,564</u>	<u>(40)</u>	<u>(55)</u>	<u>74</u>	<u>4,543</u>
Investment income					32
Finance costs					(611)
Profit before tax					<u>3,964</u>
Income tax expense					(987)
Profit for the period					<u><u>2,977</u></u>

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 ended 31 July 2015.

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 and investment properties not provided for in the interim financial statements as at end of the reporting period were as follows:-

	As at 31.7.2015 RM'000
Approved and contracted for	8,741
Approved but not contracted for	684
Total	<u><u>9,425</u></u>

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 2015.

	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 liabilities								
Amount due to a non-controlling interest	-	-	-	-	-	1,731	1,731	1,731
Secured term loans	-	-	-	-	-	16,307	16,307	16,307
Unsecured term loans	-	-	-	-	-	277	277	277
Finance lease liabilities	-	-	-	-	-	6,665	6,665	6,665
	-	-	-	-	-	24,980	24,980	24,980

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 RM50.0 million for the 1st quarter ended 31 July 2015 as compared to RM48.5 million reported in the corresponding quarter last year, representing an increase in sales by RM1.5 million or 3%. The growth in revenue was mainly attributed to the increase in sales order for metal components of home appliances and printers in Vietnam.

In tandem with the increase in revenue, the Group reported a remarkable profit before tax ("PBT") of approximately RM4.0 million for the current 1st quarter, representing an increase of RM1.3 million or 49% as compared to the PBT of RM2.7 million reported in the corresponding quarter last year. The revenue generated from the operation in Malaysia was sustainable, coupled with the strong growth in sales from the operation in Vietnam, therefore the Group was able to achieve a higher PBT for the 1st quarter ended 30 April 2015.

B2. Variation of results against preceding quarter

The Group reported a PBT of approximately RM4.0 million for the current 1st quarter as compared to PBT of approximately RM2.0 million reported in the immediate preceding 4th quarter of the previous financial year, representing an increase of RM2.0 million or 102%. The Group achieved higher PBT mainly attributed to lower costs, and higher sales from the operation in Vietnam which margin was also better during the current quarter under review.

B3. Prospects

The world economy remains uncertain in view of the latest global growth forecast by the International Monetary Fund which was further revised down from 3.5% to 3.3% in 2015, along with the risk of a larger-than-expected slowdown in China's economy and also the Federal Reserve held off on raising interest rates, reviving concerns about the weakness in both the US and global economies.

In Malaysia, it is expected that customers' orders will encounter some fluctuation during the current financial year under review. Nevertheless, the growth prospects in Vietnam will still be better than that of the previous financial year in view of stronger customers' demand. Against this backdrop, the Board of Directors foresees that the Group will achieve a satisfactory result for the financial year ending 30 April 2016.

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 2016.

B5. Profit for the period

	3 Months Ended 31.7.2015 RM'000	Period Ended 31.7.2015 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	2,916	2,916
Finance costs	611	611
Property, plant and equipment written off	6	6
Loss on disposal of property, plant and equipment	1	1
Net foreign exchange loss/(gain)	(55)	(55)
Investment income	(32)	(32)

B.6 Income tax expense

	3 Months Ended 31.7.2015 RM'000	Period Ended 31.7.2015 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	630	630
- <i>Foreign income tax</i>	296	296
- <i>Under provision in prior year</i>	23	23
	<hr/>	<hr/>
	949	949
Deferred tax expense	38	38
	<hr/>	<hr/>
Total	987	987

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 2015 were as follows:

	Short Term RM'000	Long Term RM'000
<u>Unsecured</u>		
Bank overdraft	3,065	-
Bankers' acceptance	2,489	-
Term loans	246	31
	<u>5,800</u>	<u>31</u>
<u>Secured</u>		
Bank overdraft	7,283	-
Bankers' acceptance	1,950	-
Bills payable	4,845	-
Term loans	4,172	12,135
Finance lease liabilities	2,946	3,719
	<u>21,196</u>	<u>15,854</u>
Total borrowings	<u>26,996</u>	<u>15,885</u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM8.9 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 first and final single tier dividend of 2% or 1 sen per share totalling RM990,000 in respect of the last financial year ended 30 April 2015 (2014: 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 2015 (2014 : NIL).

B11. Basic earnings per ordinary share

The basic earnings per ordinary share are calculated by dividing profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the current 1st quarter under review as follows:-

	3 Months Ended 31.7.2015 RM'000	3 Months Ended 31.7.2014 RM'000
Earnings		
Profit attributable to owners of the Company	<u>2,111</u>	<u>1,567</u>
Weighted average number of ordinary shares in issue ('000)	<u>99,000</u>	<u>99,000</u>
Basic earnings per ordinary share (sen)	<u>2.13</u>	<u>1.58</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 2015 was not qualified.

B13. Retained earnings

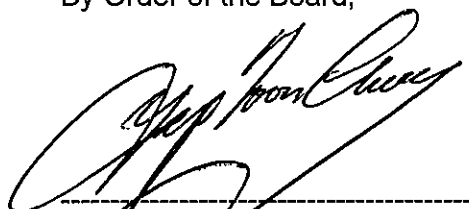
The breakdown of the retained earnings of the Group as at 31 July 2015, into realised and unrealised profits, is as follows:

	As at 31.7.2015 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	52,584
- Unrealised	(6,642)
	<hr/>
	45,942
Consolidation adjustments	(6,862)
	<hr/>
Total retained earnings of the Group	39,080

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 30 September 2015.

By Order of the Board,



Yap Toon Choy
Group Managing Director
30 September 2015