

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the 2nd quarter and financial period ended 31 October 2015 - unaudited

	3 Months Ended		Financial Period Ended	
	31 Oct 2015	31 Oct 2014	31 Oct 2015	31 Oct 2014
<i>In thousands of RM</i>	Note			
Revenue	59,332	48,930	109,342	97,385
Operating profit	6,328	1,689	10,871	4,771
Investment income	32	113	64	187
Finance costs	(653)	(523)	(1,264)	(1,011)
Profit before tax	5,707	1,279	9,671	3,947
Income tax expense	B6 (1,765)	(429)	(2,752)	(1,082)
Profit for the period	3,942	850	6,919	2,865
Other comprehensive income, net of tax Items that will not be reclassified subsequently to profit or loss				
Share of capital reserve by a non-controlling interest of a subsidiary	-	-	78	114
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	3,962	383	5,335	(291)
Fair value of available-for-sale financial assets	-	1	-	1
Total comprehensive income for the period	7,904	1,234	12,332	2,689
Profit attributable to:				
Owners of the Company	3,047	535	5,158	2,102
Non-controlling interests	895	315	1,761	763
Profit for the period	<u>3,942</u>	<u>850</u>	<u>6,919</u>	<u>2,865</u>
Total comprehensive income attributable to:				
Owners of the Company	5,576	779	8,568	1,914
Non-controlling interests	2,328	455	3,764	775
Total comprehensive income for the period	<u>7,904</u>	<u>1,234</u>	<u>12,332</u>	<u>2,689</u>
Earnings per ordinary share attributable to owners of the Company (sen):				
Basic/ Diluted	B11	3.08	0.54	5.21
		<u>2.12</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 October 2015 – unaudited

	In thousands of RM	
	As at 31 Oct 2015	As at 30 Apr 2015 (audited)
ASSETS	Note	
Non-current assets		
Property, plant and equipment		91,241
Prepaid lease payments		6,478
Investment properties		6,340
Other investments		198
	123,188	104,257
Current assets		
Trade and other receivables		35,886
Inventories		24,104
Cash and bank balances		11,889
	87,183	71,879
TOTAL ASSETS		176,136
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital		49,500
Reserves		41,848
	50,416	91,348
Non-controlling interests		9,868
Total equity		101,216
Non-current liabilities	B8	
Loans and borrowings		12,652
Trade and other payables		1,302
Deferred tax liabilities		4,176
	26,420	18,130
Current liabilities	B8	
Loans and borrowings		24,900
Trade and other payables		31,675
Current tax liabilities		215
	70,403	56,790
Total liabilities		74,920
TOTAL EQUITY AND LIABILITIES		176,136
Net assets per share attributable to owners of the Company (RM)		0.92
		1.01

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 October 2015 – unaudited

	Attributable to Owners of the Company					Non-controlling interests	Total equity	
	Non-distributable		Distributable					
	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	-	-	-	-	5,158	5,158	1,761	6,919
Other comprehensive income for the year, net of tax	-	-	3,410	-	-	3,410	2,003	5,413
Total comprehensive income for the period	-	-	3,410	-	5,158	8,568	3,764	12,332
At 31 October 2015	49,500	2,669	5,620	-	42,127	99,916	13,632	113,548
At 1 May 2014	49,500	2,669	802	(3)	34,149	87,117	8,002	95,119
Profit for the period	-	-	-	-	2,102	2,102	763	2,865
Other comprehensive income for the period, net of tax	-	-	(189)	1	-	(188)	12	(176)
Total comprehensive income for the period	-	-	(189)	1	2,102	1,914	775	2,689
At 31 October 2014	49,500	2,669	613	(2)	36,251	89,031	8,777	97,808

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 October 2015 – unaudited

	Financial Period Ended	
	31 Oct 2015	31 Oct 2014
<i>In thousands of RM</i>		
Cash flows from operating activities		
Profit before tax	9,671	3,947
Adjustments for:		
Non-cash items	5,939	5,998
Non-operating items	1,200	824
Operating profit before changes in working capital	16,810	10,769
Changes in working capital:		
Inventories	172	(8,162)
Trade and other receivables	(3,537)	(3,053)
Trade and other payables	6,137	6,635
Cash generated from operations	19,582	6,189
Income tax paid	(1,035)	(920)
Net cash generated from operating activities	18,547	5,269
Cash flows from investing activities		
Acquisition of property, plant and equipment	(14,580)	(6,713)
Acquisition of investment properties	(4,219)	-
Proceeds from disposal of asset held for sales	-	1,400
Proceeds from disposal of property, plant and equipment	1	179
Uplift of pledged deposits with bank	137	-
Interest received	17	141
Net cash used in investing activities	(18,644)	(4,993)
Cash flows from financing activities		
Advances from a non-controlling interest in a subsidiary	-	196
Proceeds from term loans	12,439	1,161
Repayment of advances to Directors	-	(380)
Repayment of term loans	(925)	(1,615)
Proceeds from/(Repayment of) other borrowings	4,813	53
Repayment of finance lease liabilities	(1,677)	(1,204)
Interest paid	(1,171)	(929)
Net cash generated from/(used in) financing activities	13,479	(2,712)
Net increase/(decrease) in cash and cash equivalents	13,382	(2,436)
Exchange differences on translation of the financial statements of foreign operations	(102)	25
Cash and cash equivalents at beginning of financial year	(225)	10,345
Cash and cash equivalents at end of financial period	13,055	7,934
Cash and cash equivalents at end of financial period comprise:		
Cash & bank balances	19,576	11,421
Deposits with licensed banks (excluding pledged deposits)	4,254	6,078
Bank overdraft	(10,775)	(9,565)
	13,055	7,934

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 except as mentioned below:

MFRS9, Financial Instruments (2014)

- MFRS9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

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 October 2015.

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 October 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 and financial period under review.

A7. Dividend Paid

No interim dividend was paid during the current quarter and financial period ended 31 October 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 October 2015

	Investment				Consolidated RM'000
	Manufacturing RM'000	Trading RM'000	Holding RM'000	Adjustment RM'000	
Revenue from external customers	105,787	3,555	-	-	109,342
Inter-segment	8,871	213	-	(9,084)	-
Total revenue	114,658	3,768	-	(9,084)	109,342
Segment results	12,266	(76)	(172)	(1,147)	10,871
Investment income					64
Finance costs					(1,264)
Profit before tax					9,671
Income tax expense					(2,752)
Profit for the period					6,919

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 October 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
	31.10.2015
	RM'000
Approved and contracted for	1,423
Approved but not contracted for	774
Total	2,197

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 October 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	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial liabilities										
Amount due to a non-controlling interest	-	-	-	-	-	-	2,607	2,607	2,607	2,607
Secured term loans	-	-	-	-	-	-	22,903	22,903	22,903	22,903
Unsecured term loans	-	-	-	-	-	-	218	218	218	218
Finance lease liabilities	-	-	-	-	-	-	6,423	6,423	6,423	6,423
	-	-	-	-	-	-	32,151	32,151	32,151	32,151

**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 RM59.3 million and RM109.3 million for the current 2nd quarter and financial period ended 31 October 2015 as compared to RM48.9 million and RM97.3 million reported in the corresponding quarter and financial period last year, representing an increase in sales by RM10.4 million or 21% and RM12 million or 12% respectively. The growth in revenue was mainly attributed to the increase in sales order for metal components particularly for customers that produce home appliances and printers.

In tandem with the increase in revenue, the Group reported a remarkable profit before tax ("PBT") of approximately RM5.7 million and RM9.7 million for the current 2nd quarter and financial period, representing an increase of RM4.4 million or 346% and RM5.7 million or 145% respectively as compared to the PBT of RM1.3 million and RM4.0 million reported in the corresponding quarter and financial period last year. The revenue from the operation in Malaysia was higher in the 2nd quarter mainly attributed to the demand for metal components of TV which sales increased by RM3.4 million as compared to the 1st quarter, coupled with the stronger growth in sales from the operation in Vietnam, therefore the Group was able to achieve a higher PBT for the 2nd quarter ended 31 October 2015.

B2. Variation of results against preceding quarter

The Group reported a PBT of approximately RM5.7 million for the current 2nd quarter as compared to PBT of approximately RM4.0 million reported in the immediate preceding 1st quarter of the financial year, representing an increase of RM1.7 million or 44%. The Group achieved higher PBT mainly attributed to higher revenue achieved 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 again revised down from 3.3% to 3.1% in 2015, along with the risk of a larger-than-expected slowdown in China's economy and also the uncertainty arising from US Federal Reserve's monetary policy, 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 anticipation 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 31.10.2015 RM'000	Period Ended 31.10.2015 RM'000
Profit for the period is arrived at after charging/(crediting):-	31.10.2015 RM'000	31.10.2015 RM'000
Depreciation and amortisation	3,006	5,922
Finance costs	653	1,264
Property, plant and equipment written off	11	17
Loss on disposal of property, plant and equipment	0	1
Net foreign exchange loss/(gain)	(1,428)	(1,483)
Investment income	(32)	(64)

B.6 Income tax expense

	3 Months Ended 31.10.2015 RM'000	Period Ended 31.10.2015 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	1,297	1,927
- <i>Foreign income tax</i>	368	664
- <i>Under provision in prior year</i>	2	25
Deferred tax expense	1,667	2,616
	98	136
Total	<u>1,765</u>	<u>2,752</u>

The effective tax rates of the Group for the current quarter and financial period were higher than the statutory income tax rate of 25% mainly due to non-deductibility of certain expenses.

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 October 2015 were as follows:

	Short Term RM'000	Long Term RM'000
Unsecured		
Bank overdraft	2,733	-
Bankers' acceptance	2,454	-
Term loans	218	-
	5,405	-
Secured		
Bank overdraft	8,042	-
Bankers' acceptance	1,047	-
Bills payable	7,813	-
Term loans	5,765	17,138
Finance lease liabilities	2,959	3,464
	25,626	20,602
Total borrowings	31,031	20,602

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM12.0 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 Company had on 20 November 2015 paid 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). No interim dividend was declared during the financial period ended 31 October 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 2nd quarter under review as follows:-

	3 Months Ended 31.10.2015 RM'000	3 Months Ended 31.10.2014 RM'000
Earnings		
Profit attributable to owners of the Company	3,047	535
Weighted average number of ordinary shares in issue ('000)	99,000	99,000
Basic earnings per ordinary share (sen)	3.08	0.54

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 October 2015, into realised and unrealised profits, is as follows:

	As at
	31.10.2015
	RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	57,884
- Unrealised	(6,740)
Consolidation adjustments	51,144
	(9,017)
Total retained earnings of the Group	42,127

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 16 December 2015.

By Order of the Board,

Yap Toon Choy
Group Managing Director
16 December 2015