

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 3rd quarter and financial period ended 31 January 2016 - unaudited

	Note	3 Months Ended		Financial Period Ended	
		31 Jan 2016	31 Jan 2015	31 Jan 2016	31 Jan 2015
<i>In thousands of RM</i>					
Revenue		58,813	46,147	168,155	143,532
Operating profit		6,652	1,636	17,523	6,407
Investment income		32	56	96	243
Finance costs		(862)	(543)	(2,126)	(1,554)
Profit before tax		5,822	1,149	15,493	5,096
Income tax expense	B6	(1,410)	(185)	(4,162)	(1,267)
Profit for the period	B5	4,412	964	11,331	3,829
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
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences					
for foreign operations		(1,375)	2,798	3,960	2,507
Fair value of available-for-sale financial assets		-	2	-	3
Total comprehensive income for the period		3,037	3,764	15,369	6,453
Profit attributable to:					
Owners of the Company		3,828	674	8,986	2,776
Non-controlling interests		584	290	2,345	1,053
Profit for the period		4,412	964	11,331	3,829
Total comprehensive income attributable to:					
Owners of the Company		2,965	2,487	11,533	4,401
Non-controlling interests		72	1,277	3,836	2,052
Total comprehensive income for the period		3,037	3,764	15,369	6,453
Earnings per ordinary share					
attributable to owners					
of the Company (sen):					
Basic/ Diluted	B11	3.87	0.68	9.08	2.80

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 January 2016 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jan 2016	As at 30 Apr 2015 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		103,734	91,241
Prepaid lease payments		7,190	6,478
Investment properties		10,509	6,340
Other investments		200	198
		<u>121,633</u>	<u>104,257</u>
Current assets			
Trade and other receivables		42,277	35,886
Inventories		21,404	24,104
Cash and bank balances		23,790	11,889
		<u>87,471</u>	<u>71,879</u>
TOTAL ASSETS		<u>209,104</u>	<u>176,136</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		52,391	41,848
		<u>101,891</u>	<u>91,348</u>
Non-controlling interests		13,704	9,868
Total equity		<u>115,595</u>	<u>101,216</u>
Non-current liabilities			
Loans and borrowings	B8	25,953	12,652
Trade and other payables		1,334	1,302
Deferred tax liabilities		4,286	4,176
		<u>31,573</u>	<u>18,130</u>
Current liabilities			
Loans and borrowings	B8	27,306	24,900
Trade and other payables		31,921	31,675
Current tax liabilities		2,709	215
		<u>61,936</u>	<u>56,790</u>
Total liabilities		<u>93,509</u>	<u>74,920</u>
TOTAL EQUITY AND LIABILITIES		<u>209,104</u>	<u>176,136</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.03</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 January 2016 – 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	-	-	-	-	8,986	8,986	2,345	11,331	
Other comprehensive income for the year, net of tax	-	-	2,547	-	-	2,547	1,491	4,038	
Total comprehensive income for the period	-	-	2,547	-	8,986	11,533	3,836	15,369	
Dividends paid	-	-	-	-	(990)	(990)	-	(990)	
At 31 January 2016	49,500	2,669	4,757	-	44,965	101,891	13,704	115,595	
At 1 May 2014	49,500	2,669	802	(3)	34,149	87,117	8,002	95,119	
Profit for the period	-	-	-	-	2,776	2,776	1,053	3,829	
Other comprehensive income for the period, net of tax	-	-	1,622	3	-	1,625	999	2,624	
Total comprehensive income for the period	-	-	1,622	3	2,776	4,401	2,052	6,453	
Dissolution of a subsidiary	-	-	-	-	-	-	(422)	(422)	
Dividends paid	-	-	-	-	(990)	(990)	-	(990)	
At 31 January 2015	49,500	2,669	2,424	-	35,935	90,528	9,632	100,160	

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 January 2016 – unaudited

<i>In thousands of RM</i>	Financial Period Ended	
	31 Jan 2016	31 Jan 2015
Cash flows from operating activities		
Profit before tax	15,493	5,096
Adjustments for:		
Non-cash items	8,920	8,932
Non-operating items	2,030	1,311
Operating profit before changes in working capital	26,443	15,339
Changes in working capital:		
Inventories	2,700	(9,037)
Trade and other receivables	(6,392)	(2,055)
Trade and other payables	288	4,161
Cash generated from operations	23,039	8,408
Income tax paid	(1,558)	(1,866)
Net cash generated from operating activities	21,481	6,542
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,448)	(9,880)
Acquisition of prepaid lease payments	-	(2,321)
Acquisition of investment properties	(4,227)	-
Proceeds from disposal of asset held for sales	-	1,400
Proceeds from disposal of property, plant and equipment	70	197
Proceeds from disposal of other investment	-	495
Uplift of pledged deposits with bank	137	-
Interest received	25	175
Net cash used in investing activities	(20,443)	(9,934)
Cash flows from financing activities		
Advances from a non-controlling interest in a subsidiary	-	196
Proceeds from term loans	19,832	1,365
Repayment of advances to Directors	-	(480)
Repayment of term loans	(1,987)	(2,202)
Proceeds from/(Repayment of) other borrowings	4,875	1,528
Repayment of finance lease liabilities	(2,481)	(1,931)
Dividends paid	(990)	(990)
Interest paid	(1,987)	(1,420)
Net cash generated from/(used in) financing activities	17,262	(3,934)
Net increase/(decrease) in cash and cash equivalents	18,300	(7,326)
Exchange differences on translation of the financial statements of foreign operations	(256)	618
Cash and cash equivalents at beginning of financial year	(225)	10,345
Cash and cash equivalents at end of financial period	17,819	3,637
Cash and cash equivalents at end of financial period comprise:		
Cash & bank balances	19,509	8,451
Deposits with licensed banks (excluding pledged deposits)	4,281	4,057
Bank overdraft	(5,971)	(8,871)
	17,819	3,637

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 2018

- MFRS 15, *Revenue from Contracts with Customers*
- 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 Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 and MFRS 9 if any.

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 2016.

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 2016.

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 January 2016 (2015: Nil).

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 2016

	<u>Manufacturing</u>	<u>Trading</u>	Investment <u>Holding</u>	<u>Adjustment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	162,111	6,044	-	-	168,155
Inter-segment	17,017	301	-	(17,318)	-
Total revenue	179,128	6,345	-	(17,318)	168,155
Segment results	18,799	44	(280)	(1,040)	17,523
Investment income					96
Finance costs					(2,126)
Profit before tax					15,493
Income tax expense					(4,162)
Profit for the period					11,331

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 2016.

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 31.1.2016 RM'000
Approved and contracted for	3,010
Approved but not contracted for	747
Total	3,757

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 January 2016.

	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	-	-	-	-	-	2,630	2,630	2,630
Secured term loans	-	-	-	-	-	29,452	29,452	29,452
Finance lease liabilities	-	-	-	-	-	6,459	6,459	6,459
	-	-	-	-	-	38,541	38,541	38,541

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 RM58.8 million and RM168.1 million for the current 3rd quarter and financial period ended 31 January 2016 as compared to RM46.1 million and RM143.5 million reported in the corresponding quarter and financial period last year, representing an increase in sales by RM12.7 million or 27% and RM24.6 million or 17% respectively. The growth in revenue was mainly attributed to the increase in sales order for tooling and also the surge in demand for parts particularly for customers that produce home appliances and printers.

In tandem with the increase in revenue, the Group reported a profit before tax ("PBT") of approximately RM5.8 million and RM15.5 million for the current 3rd quarter and financial period, representing an increase of RM4.7 million or 407% and RM10.4 million or 204% respectively as compared to the PBT of RM1.1 million and RM5.1 million reported in the corresponding quarter and financial period last year. As compared to the last year corresponding quarter, the Group achieved a higher PBT in the current 3rd quarter mainly attributed to the one-off increase in sales of RM6.0 million to a customer in Vietnam. With the strong demand of tooling and metal components for TV and printer products, the Group was able to achieve a remarkable PBT of RM15.5 million for the financial period under review.

B2. Variation of results against preceding quarter

The Group reported a PBT of RM5.8 million for the current 3rd quarter as compared to PBT of RM5.7 million reported in the immediate preceding 2nd quarter of the financial year, representing a slight increase of RM115,000 or 2%. The Group achieved better PBT mainly attributed to higher margin of certain sales in the current 3rd quarter.

B3. Prospects

The 2016 global economy remains challenging with volatile financial markets and low commodity prices. As projected by the International Monetary Fund, the global growth is projected at 3.4% in 2016 and 3.7% in 2017. The investment slowdown in China and strains in some large emerging economy market economies will continue to weigh on growth prospect in 2016-2017.

Against this backdrop, it is expected that customers' orders will encounter some fluctuation in Malaysia. Nevertheless, the growth prospects in Vietnam will still be better than that of the previous financial year in anticipation of stronger customers' demand. Therefore, 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 31.1.2016 RM'000	Period Ended 31.1.2016 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	3,036	8,958
Finance costs	862	2,126
Property, plant and equipment written off	3	20
Loss/(gain) on disposal of property, plant and equipment	(58)	(58)
Net foreign exchange loss/(gain)	(26)	(1,509)
Investment income	(32)	(96)

B.6 Income tax expense

	3 Months Ended 31.1.2016 RM'000	Period Ended 31.1.2016 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	1,208	3,135
- <i>Foreign income tax</i>	347	1,011
- <i>Over provision in prior year</i>	(118)	(93)
	<u>1,437</u>	<u>4,053</u>
Deferred tax expense	(27)	109
Total	<u><u>1,410</u></u>	<u><u>4,162</u></u>

The effective tax rate of the Group for the financial period was 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 (secured)

The Group loans and borrowings as at 31 January 2016 were as follows:

	Short Term RM'000	Long Term RM'000
Bank overdraft	5,971	-
Bankers' acceptance	5,035	-
Bills payable	6,342	-
Term loans	6,858	22,594
Finance lease liabilities	3,100	3,359
Total borrowings	<u>27,306</u>	<u>25,953</u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM13.5 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 January 2016 (2015 : 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 3rd quarter under review as follows:-

	3 Months Ended 31.1.2016 RM'000	3 Months Ended 31.1.2015 RM'000
Earnings		
Profit attributable to owners of the Company	<u>3,828</u>	<u>674</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>3.87</u>	<u>0.68</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 January 2016, into realised and unrealised profits, is as follows:

	As at 31.1.2016 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	61,188
- Unrealised	<u>(6,713)</u>
	54,475
Consolidation adjustments	<u>(9,510)</u>
Total retained earnings of the Group	<u>44,965</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 16 March 2016.

By Order of the Board,

Yap Toon Choy
Group Managing Director
16 March 2016