

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

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

For the 4th quarter and financial year ended 30 April 2016 - unaudited

	Note	3 Months Ended		Financial Year Ended	
		30 Apr 2016	30 Apr 2015	30 Apr 2016	30 Apr 2015
<i>In thousands of RM</i>					
Revenue		48,824	50,103	216,979	193,635
Operating profit		1,716	2,639	19,239	9,047
Investment income		35	34	131	277
Finance costs		(1,005)	(706)	(3,131)	(2,260)
Profit before tax		746	1,967	16,239	7,064
Income tax expense	B6	(329)	(574)	(4,491)	(1,839)
Profit for the period	B5	417	1,393	11,748	5,225
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		(3,035)	(340)	925	2,167
Fair value of available-for-sale financial assets		-	-	-	3
Total comprehensive income for the period		(2,618)	1,053	12,751	7,509
Profit attributable to:					
Owners of the Company		337	1,031	9,323	3,810
Non-controlling interests		80	362	2,425	1,415
Profit for the period		417	1,393	11,748	5,225
Total comprehensive income attributable to:					
Owners of the Company		(1,600)	817	9,933	5,221
Non-controlling interests		(1,018)	236	2,818	2,288
Total comprehensive income for the period		(2,618)	1,053	12,751	7,509
Earnings per ordinary share					
attributable to owners					
of the Company (sen):					
Basic/ Diluted	B11	0.34	1.04	9.42	3.85

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 30 April 2016 – unaudited

<i>In thousands of RM</i>	Note	As at 30 Apr 2016	As at 30 Apr 2015 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		99,645	91,241
Prepaid lease payments		6,578	6,478
Investment properties		10,466	6,340
Other investments		198	198
		<u>116,887</u>	<u>104,257</u>
Current assets			
Trade and other receivables		37,158	35,886
Inventories		22,030	24,104
Cash and bank balances		31,679	11,889
		<u>90,867</u>	<u>71,879</u>
TOTAL ASSETS		<u>207,754</u>	<u>176,136</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		50,791	41,848
		<u>100,291</u>	<u>91,348</u>
Non-controlling interests		12,686	9,868
Total equity		<u>112,977</u>	<u>101,216</u>
Non-current liabilities			
Loans and borrowings	B8	30,463	12,652
Trade and other payables		1,158	1,302
Deferred tax liabilities		4,121	4,176
		<u>35,742</u>	<u>18,130</u>
Current liabilities			
Loans and borrowings	B8	26,465	24,900
Trade and other payables		30,616	31,675
Current tax liabilities		1,954	215
		<u>59,035</u>	<u>56,790</u>
Total liabilities		<u>94,777</u>	<u>74,920</u>
TOTAL EQUITY AND LIABILITIES		<u>207,754</u>	<u>176,136</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.01</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 year ended 30 April 2016 – 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 2015	49,500	2,669	2,210	-	36,969	91,348	9,868	101,216	
Profit for the year	-	-	-	-	9,323	9,323	2,425	11,748	
Other comprehensive income for the year, net of tax	-	-	610	-	-	610	393	1,003	
Total comprehensive income for the year	-	-	610	-	9,323	9,933	2,818	12,751	
Dividends to owners of the Company	-	-	-	-	(990)	(990)	-	(990)	
At 30 April 2016	<u>49,500</u>	<u>2,669</u>	<u>2,820</u>	<u>-</u>	<u>45,302</u>	<u>100,291</u>	<u>12,686</u>	<u>112,977</u>	
At 1 May 2014	49,500	2,669	802	(3)	34,149	87,117	8,002	95,119	
Profit for the year	-	-	-	-	3,810	3,810	1,415	5,225	
Other comprehensive income for the year, net of tax	-	-	1,408	3	-	1,411	873	2,284	
Total comprehensive income for the year	-	-	1,408	3	3,810	5,221	2,288	7,509	
Disposal of a subsidiary	-	-	-	-	-	-	(422)	(422)	
Dividends to owners of the Company	-	-	-	-	(990)	(990)	-	(990)	
At 30 April 2015	<u>49,500</u>	<u>2,669</u>	<u>2,210</u>	<u>-</u>	<u>36,969</u>	<u>91,348</u>	<u>9,868</u>	<u>101,216</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 year ended 30 April 2016 – unaudited

<i>In thousands of RM</i>	Financial Year Ended	
	30 Apr 2016	30 Apr 2015
Cash flows from operating activities		
Profit before tax	16,239	7,064
Adjustments for:		
Non-cash items	12,272	11,918
Non-operating items	3,000	1,983
Operating profit before changes in working capital	31,511	20,965
Changes in working capital:		
Inventories	2,074	(6,035)
Trade and other receivables	(1,440)	(7,840)
Trade and other payables	(1,332)	4,995
Cash generated from operations	30,813	12,085
Income tax paid	(2,807)	(2,378)
Net cash generated from operating activities	28,006	9,707
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,565)	(9,956)
Acquisition of prepaid lease payments	-	(2,298)
Acquisition of investment properties	(4,227)	(4,450)
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 / (Increase in) pledged deposits with licensed banks	137	(4)
Interest received	37	186
Net cash used in investing activities	(20,548)	(14,430)
Cash flows from financing activities		
Advances from a non-controlling interest in a subsidiary	-	196
Proceeds from term loans	25,925	4,818
Repayment of amount due to Directors	-	(989)
Repayment of term loans	(4,742)	(2,806)
Proceeds from/(Repayment of) other borrowings	6,830	(1,643)
Repayment of finance lease liabilities	(3,351)	(2,822)
Dividends paid	(990)	(990)
Interest paid	(2,947)	(2,082)
Net cash generated from/(used in) financing activities	20,725	(6,318)
Net increase/(decrease) in cash and cash equivalents	28,183	(11,041)
Exchange differences on translation of the financial statements of foreign operations	(614)	471
Cash and cash equivalents at beginning of financial year	(225)	10,345
Cash and cash equivalents at end of financial year	27,344	(225)
Cash and cash equivalents at end of financial year comprise:		
Cash & bank balances	26,337	7,549
Deposits with licensed banks (excluding pledged deposits)	5,342	4,203
Bank overdraft	(4,335)	(11,977)
	27,344	(225)

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

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

- Amendments to MFRS112, *Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to MFRS 107, *Disclosure Initiative*

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)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16, *Leases*

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 year ended 30 April 2016.

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 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 year under review.

A7. Dividend Paid

No interim dividend was paid during the current quarter and financial year ended 30 April 2016 (2015: Nil).

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 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	208,892	8,087	-	-	216,979
Inter-segment	21,646	432	-	(22,078)	-
Total revenue	230,538	8,519	-	(22,078)	216,979
Segment results	20,813	(71)	(324)	(1,179)	19,239
Investment income					131
Finance costs					(3,131)
Profit before tax					16,239
Income tax expense					(4,491)
Profit for the year					11,748

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 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 30.4.2016 RM'000
Approved and contracted for	3,540
Approved but not contracted for	702
Total	4,242

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 30 April 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	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	-	-	-	-	-	-	2,652	2,652	2,652	2,652
Secured term loans	-	-	-	-	-	-	32,790	32,790	32,790	32,790
Finance lease liabilities	-	-	-	-	-	-	6,472	6,472	6,472	6,472
	-	-	-	-	-	-	41,914	41,914	41,914	41,914

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 RM48.8 million for the current 4th quarter as compared to RM50.1 million reported in the corresponding quarter last year. The decrease in sales by RM1.3 million or -3% was mainly due to lower selling price for certain customers where the raw materials were supplied by the customers, thus resulting in lower sales value. For the financial year ended 30 April 2016, the Group achieved record revenue of RM217.0 million as compared to the revenue of RM193.6 million reported in the last financial year, representing an increase of RM23.4 million or 12%. 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 TV, home appliances and printers.

The Group reported a lower profit before tax ("PBT") of RM0.8 million for the current 4th quarter as compared to PBT of RM2.0 million reported in the previous year's corresponding quarter. The decrease in PBT by RM1.2 million or -62% was mainly due to the reversal of foreign exchange gains recognized in the previous quarters when the exchange rates of USD were at its peak against RM. Nevertheless, with the increase in revenue the Group was able to achieve PBT of RM16.2 million for the current financial year ended 30 April 2016. As compared to last financial year's PBT of RM7.1 million, the Group PBT had increased by RM9.1 million or 130% and it was mainly attributed to higher sales achieved this year which mostly came from strong demand of tooling and parts for TV, home appliances and printer products in both Malaysia and Vietnam.

B2. Variation of results against preceding quarter

The Group registered lower PBT of RM0.8 million for the current 4th quarter as compared to PBT of RM5.8 million reported in the immediate preceding 3rd quarter of the financial year, representing a decrease of RM5.0 million or -87%. The drop in PBT was mainly due to much lower revenue where there was a one-off sales of RM6.0 million to a customer in Vietnam in the 3rd quarter and also lesser production days and outputs recorded in February 2016 when Lunar New Year was celebrated in both Malaysia and Vietnam, thus resulting the sales reduced by RM10.0 million.

B3. Prospects

The 2016 global economy is fragile. The International Monetary Fund projected that the global growth was 3.2% in April 2016 whereas the World Bank had reduced its global growth forecast in June 2016 and predicted that the world economy will expand 2.4% only this year, down from the 2.9% it expected in January 2016 mainly due to stubbornly low commodity prices, sluggish demand in advanced economies, weak trade and diminishing capital flows.

Against the above backdrop, the Group revenue is expected to encounter some fluctuation as a result of less predictably customers' orders. Nevertheless, the Board expects that there will be growth in Vietnam 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 2017.

B4. Variance of actual and forecast profit

The Group did not provide any financial estimate, forecast or projection, or profit guarantee for the financial year ended 30 April 2016.

B5. Profit for the period

	3 Months Ended 30.4.2016 RM'000	Year Ended 30.4.2016 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	3,110	12,068
Finance costs	1,005	3,131
Property, plant and equipment written off	76	96
Loss/(gain) on disposal of property, plant and equipment	-	(58)
Net foreign exchange loss/(gain)	1,293	(216)
Investment income	(35)	(131)

B.6 Income tax expense

	3 Months Ended 30.4.2016 RM'000	Year Ended 30.4.2016 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	674	3,809
- <i>Foreign income tax</i>	(178)	833
- <i>Over provision in prior year</i>	(3)	(96)
	<u>493</u>	<u>4,546</u>
Deferred tax expense	(164)	(55)
Total	<u><u>329</u></u>	<u><u>4,491</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 30 April 2016 were as follows:

	Short Term RM'000	Long Term RM'000
Bank overdraft	4,335	-
Bankers' acceptance	5,245	-
Bills payable	8,086	-
Term loans	5,599	27,191
Finance lease liabilities	3,200	3,272
Total borrowings (secured)	<u>26,465</u>	<u>30,463</u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM13.9 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 proposes a first and final single tier dividend of 3% or 1.5 sen per share totalling RM1,485,000 in respect of the current financial year ended 30 April 2016 (2015: 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 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 4th quarter under review as follows:-

	3 Months Ended 30.4.2016 RM'000	3 Months Ended 30.4.2015 RM'000
Earnings		
Profit attributable to owners of the Company	<u>337</u>	<u>1,031</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>0.34</u>	<u>1.04</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 30 April 2016, into realised and unrealised profits, is as follows:

	As at 30.4.2016 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	61,680
- Unrealised	<u>(6,514)</u>
	55,166
Consolidation adjustments	(9,864)
	<u>45,302</u>
Total retained earnings of the Group	<u>45,302</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 24 June 2016.

By Order of the Board,

Yap Toon Choy
Group Managing Director
24 June 2016