

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 2016 - unaudited

	Note	3 Months Ended		Financial Period Ended	
		31 Jul 2016	31 Jul 2015	31 Jul 2016	31 Jul 2015
<i>In thousands of RM</i>					
Revenue		<u>54,397</u>	<u>50,010</u>	<u>54,397</u>	<u>50,010</u>
Operating profit		4,892	4,543	4,892	4,543
Finance income		50	32	50	32
Finance costs		<u>(1,025)</u>	<u>(611)</u>	<u>(1,025)</u>	<u>(611)</u>
Profit before tax		3,917	3,964	3,917	3,964
Income tax expense	B6	(1,636)	(987)	(1,636)	(987)
Profit for the period	B5	<u>2,281</u>	<u>2,977</u>	<u>2,281</u>	<u>2,977</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	78	78	78
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences					
for foreign operations		<u>1,405</u>	<u>1,373</u>	<u>1,405</u>	<u>1,373</u>
Total comprehensive income for the period		<u>3,764</u>	<u>4,428</u>	<u>3,764</u>	<u>4,428</u>
Profit attributable to:					
Owners of the Company		<u>1,652</u>	<u>2,111</u>	<u>1,652</u>	<u>2,111</u>
Non-controlling interests		<u>629</u>	<u>866</u>	<u>629</u>	<u>866</u>
Profit for the period		<u>2,281</u>	<u>2,977</u>	<u>2,281</u>	<u>2,977</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>2,541</u>	<u>2,992</u>	<u>2,541</u>	<u>2,992</u>
Non-controlling interests		<u>1,223</u>	<u>1,436</u>	<u>1,223</u>	<u>1,436</u>
Total comprehensive income for the period		<u>3,764</u>	<u>4,428</u>	<u>3,764</u>	<u>4,428</u>
Earnings per ordinary share					
attributable to owners					
of the Company (sen):					
Basic/ Diluted	B11	<u>1.67</u>	<u>2.13</u>	<u>1.67</u>	<u>2.13</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 2016 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 2016 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jul 2016	As at 30 Apr 2016 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		102,694	99,645
Prepaid lease payments		6,788	6,578
Investment property		10,422	10,466
Other investments		198	198
		<u>120,102</u>	<u>116,887</u>
Current assets			
Trade and other receivables		37,279	37,158
Inventories		22,598	22,030
Cash and bank balances		35,059	31,679
		<u>94,936</u>	<u>90,867</u>
TOTAL ASSETS		<u>215,038</u>	<u>207,754</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		49,500	49,500
Reserves		53,334	50,793
		<u>102,834</u>	<u>100,293</u>
Non-controlling interests		13,909	12,686
Total equity		<u>116,743</u>	<u>112,979</u>
Non-current liabilities			
Loans and borrowings	B8	29,912	30,463
Trade and other payables		1,510	1,158
Deferred tax liabilities		4,096	4,119
		<u>35,518</u>	<u>35,740</u>
Current liabilities			
Loans and borrowings	B8	25,767	26,465
Trade and other payables		34,220	30,616
Current tax liabilities		2,790	1,954
		<u>62,777</u>	<u>59,035</u>
Total liabilities		<u>98,295</u>	<u>94,775</u>
TOTAL EQUITY AND LIABILITIES		<u>215,038</u>	<u>207,754</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.04</u>	<u>1.01</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 2016 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 2016 – unaudited

	Attributable to Owners of the Company						
	Non-distributable			Distributable		Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
<i>In thousands of RM</i>							
At 1 May 2016	49,500	2,669	2,820	45,304	100,293	12,686	112,979
Profit for the year	-	-	-	1,652	1,652	629	2,281
Other comprehensive income for the year, net of tax	-	-	889	-	889	594	1,483
Total comprehensive income for the year	-	-	889	1,652	2,541	1,223	3,764
At 31 July 2016	<u>49,500</u>	<u>2,669</u>	<u>3,709</u>	<u>46,956</u>	<u>102,834</u>	<u>13,909</u>	<u>116,743</u>
At 1 May 2015	49,500	2,669	2,210	36,969	91,348	9,868	101,216
Profit for the year	-	-	-	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 year	-	-	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>39,080</u>	<u>94,340</u>	<u>11,304</u>	<u>105,644</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 2016 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 2016 – unaudited

<i>In thousands of RM</i>	Financial Period Ended	
	31 Jul 2016	31 Jul 2015
Cash flows from operating activities		
Profit before tax	3,917	3,964
Adjustments for:		
Non-cash items	3,114	2,923
Non-operating items	975	579
Operating profit before changes in working capital	8,006	7,466
Changes in working capital:		
Inventories	(568)	(3,524)
Trade and other receivables	(121)	236
Trade and other payables	4,120	457
Cash generated from operations	11,437	4,635
Income tax paid	(823)	(437)
Net cash from operating activities	10,614	4,198
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,693)	(2,533)
Acquisition of investment property	-	(1,394)
Proceeds from disposal of property, plant and equipment	111	1
Decrease / (Increase) in pledged deposits with licensed banks	-	137
Interest received	27	9
Net cash used in investing activities	(4,555)	(3,780)
Cash flows from financing activities		
Proceeds from term loans	1,062	5,543
Repayment of term loans	(978)	(566)
Proceeds from/(Repayment of) other borrowings	2,455	2,782
Repayment of finance lease liabilities	(906)	(895)
Interest paid	(980)	(567)
Net cash from financing activities	653	6,297
Net increase in cash and cash equivalents	6,712	6,715
Exchange differences on translation of the financial statements of foreign operations	(341)	(81)
Cash and cash equivalents at beginning of financial year	27,343	(225)
Cash and cash equivalents at end of financial period	33,714	6,409
Cash and cash equivalents at end of financial period comprise:		
Cash and bank balances	28,174	12,528
Deposits with licensed banks	6,885	4,229
Bank overdraft	(1,345)	(10,348)
	33,714	6,409

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2016 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 2016. 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 2016.

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 2017

- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

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 period ended 31 July 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 July 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 July 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 July 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	52,532	1,865	-	-	54,397
Inter-segment	2,658	28	-	(2,686)	-
Total revenue	55,190	1,893	-	(2,686)	54,397
Segment results	7,405	(121)	5	(2,397)	4,892
Finance income					50
Finance costs					(1,025)
Profit before tax					3,917
Income tax expense					(1,636)
Profit for the period					2,281

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

	As at 31.7.2016 RM'000
Approved and contracted for	1,880
Approved but not contracted for	729
Total	<u>2,609</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 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 of a subsidiary	-	-	-	-	-	2,596	2,596	2,596
Secured term loans	-	-	-	-	-	32,873	32,873	32,873
Finance lease liabilities	-	-	-	-	-	5,674	5,674	5,674
	-	-	-	-	-	41,143	41,143	41,143

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 RM54.4 million for the current 1st quarter as compared to RM50.0 million reported in the corresponding quarter last year, representing a growth of RM4.4 million or 9%. The increase in revenue was mainly attributed to the higher sales of parts to customers that produce TVs and automotive components.

The Group reported a profit before tax ("PBT") of RM3.92 million for the current 1st quarter as compared to PBT of RM3.96 million reported in the previous year's corresponding quarter. Despite the increase in sales, the Group PBT was slightly lower than that of last year mainly due to the incremental profit arising from sales has been offset against the initial set up costs of the new factory in Vietnam as it is still under the gestation period.

B2. Variation of results against preceding quarter

The Group registered higher PBT of RM3.9 million for the current 1st quarter as compared to PBT of RM0.8 million reported in the immediate preceding 4th quarter of the last financial year, representing an increase of RM3.1 million or 426%. The increase in PBT was mainly attributed to the increase in sales orders in the current 1st quarter where the revenue increased from RM48.8 million to RM54.4 million, a growth of RM5.6 million or 11%.

B3. Prospects

The global economy remains fragile and its recovery also lacks momentum. The International Monetary Fund (IMF) recently warned that the slower than expected growth in the US and the knock-on impact of Brexit were likely to result in a fresh downgrade of its forecasts for global activity in 2016. The IMF projected that the global growth was 3.1% in July 2016. Earlier, the World Bank also 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 predictable 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 ending 30 April 2017.

B5. Profit for the period

	3 Months Ended 30.7.2016 RM'000	Period Ended 30.7.2016 RM'000
Profit for the period is arrived at after charging/(crediting):-		
Depreciation and amortisation	3,115	3,115
Finance costs	1,025	1,025
Property, plant and equipment written off	23	23
Loss/(gain) on disposal of property, plant and equipment	(23)	(23)
Net foreign exchange loss/(gain)	(454)	(454)
Finance income	(50)	(50)

B.6 Income tax expense

	3 Months Ended 30.7.2016 RM'000	Period Ended 30.7.2016 RM'000
Current tax expense		
- Malaysian income tax	1,434	1,434
- Foreign income tax	201	201
- Under provision in prior year	24	24
	<u>1,659</u>	<u>1,659</u>
Deferred tax expense	(23)	(23)
Total	<u><u>1,636</u></u>	<u><u>1,636</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 July 2016 were as follows:

	Short Term RM'000	Long Term RM'000
Bank overdraft	1,345	-
Bankers' acceptance and revolving credit	8,207	-
Bills payable	7,580	-
Term loans	5,559	27,314
Finance lease liabilities	3,076	2,598
Total borrowings (secured)	<u><u>25,767</u></u>	<u><u>29,912</u></u>

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM13.4 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 have proposed a first and final single tier dividend of 3% or 1.5 sen per share totalling RM1,485,000 in respect of the last financial year ended 30 April 2016 (2015: 2% or 1 sen per share). No interim dividend was declared during the financial period ended 31 July 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 1st quarter under review as follows:-

	3 Months Ended 31.7.2016 RM'000	3 Months Ended 31.7.2015 RM'000
Earnings		
Profit attributable to owners of the Company	<u>1,652</u>	<u>2,111</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>1.67</u>	<u>2.13</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 2016 was not qualified.

B13. Retained earnings

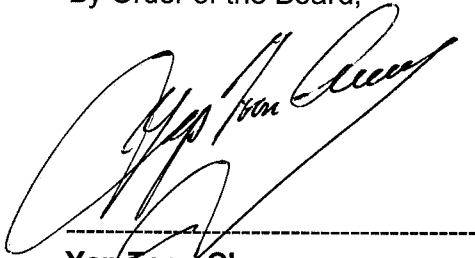
The breakdown of the retained earnings of the Group as at 31 July 2016, into realised and unrealised profits, is as follows:

	As at 31.7.2016 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	66,334
- Unrealised	<u>(6,491)</u>
	59,843
Consolidation adjustments	<u>(12,887)</u>
Total retained earnings of the Group	<u><u>46,956</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 30 September 2016.

By Order of the Board,

A handwritten signature in black ink, appearing to read 'Yap Toon Choy', is written over a horizontal dashed line.

Yap Toon Choy
Group Managing Director
30 September 2016