

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 2017 - unaudited

<i>In thousands of RM</i>	Note	3 Months Ended		Financial Year Ended	
		30 Apr 2017	30 Apr 2016	30 Apr 2017	30 Apr 2016
Revenue		55,558	48,824	219,985	216,979
Operating profit		2,608	1,716	14,236	19,239
Finance income		96	35	270	131
Finance costs		(1,038)	(1,005)	(3,916)	(3,131)
Profit before tax		1,666	746	10,590	16,239
Income tax expense	B6	215	(329)	(2,292)	(4,488)
Profit for the year	B5	1,881	417	8,298	11,751
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	78
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(786)	(3,035)	3,480	924
Total comprehensive income for the year		1,095	(2,618)	11,856	12,753
Profit attributable to:					
Owners of the Company		1,657	337	7,050	9,325
Non-controlling interests		224	80	1,248	2,426
Profit for the year		1,881	417	8,298	11,751
Total comprehensive income attributable to:					
Owners of the Company		1,165	(1,600)	9,251	9,935
Non-controlling interests		(70)	(1,018)	2,605	2,818
Total comprehensive income for the year		1,095	(2,618)	11,856	12,753
Earnings per ordinary share attributable to owners of the Company (sen):					
Basic/ Diluted	B11	1.67	0.34	7.12	9.42

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 30 April 2017 – unaudited

<i>In thousands of RM</i>	Note	As at 30 Apr 2017	As at 30 Apr 2016
ASSETS			
Non-current assets			
Property, plant and equipment		106,511	99,645
Prepaid lease payments		7,020	6,579
Investment property		10,292	10,466
Other investments		198	198
		<u>124,021</u>	<u>116,888</u>
Current assets			
Trade and other receivables		39,117	37,158
Inventories		25,154	22,030
Cash and bank balances		33,429	31,678
		<u>97,700</u>	<u>90,866</u>
TOTAL ASSETS		<u>221,721</u>	<u>207,754</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		52,169	49,500
Reserves		55,890	50,793
		<u>108,059</u>	<u>100,293</u>
Non-controlling interests		15,291	12,686
Total equity		<u>123,350</u>	<u>112,979</u>
Non-current liabilities			
Loans and borrowings	B8	28,880	30,463
Trade and other payables		1,062	1,158
Deferred tax liabilities		4,126	4,119
		<u>34,068</u>	<u>35,740</u>
Current liabilities			
Loans and borrowings	B8	29,664	26,465
Trade and other payables		34,403	30,616
Current tax liabilities		236	1,954
		<u>64,303</u>	<u>59,035</u>
Total liabilities		<u>98,371</u>	<u>94,775</u>
TOTAL EQUITY AND LIABILITIES		<u>221,721</u>	<u>207,754</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.09</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 year ended 30 April 2017 – unaudited

	Attributable to Owners of the Company						Non-controlling interests	Total equity
	Non-distributable			Distributable		Total		
	Share capital	Share premium	Translation reserve	Retained earnings				
<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	-	-	-	7,050	7,050	1,248	8,298	
Other comprehensive income for the year, net of tax	-	-	2,201	-	2,201	1,357	3,558	
Total comprehensive income for the year	-	-	2,201	7,050	9,251	2,605	11,856	
Dividend paid	-	-	-	(1,485)	(1,485)	-	(1,485)	
Reclassification due to compliance with Companies Act 2016	2,669	(2,669)	-	-	-	-	-	
At 30 April 2017	52,169	-	5,021	50,869	108,059	15,291	123,350	
At 1 May 2015	49,500	2,669	2,210	36,969	91,348	9,868	101,216	
Profit for the year	-	-	-	9,325	9,325	2,426	11,751	
Other comprehensive income for the year, net of tax	-	-	610	-	610	392	1,002	
Total comprehensive income for the year	-	-	610	9,325	9,935	2,818	12,753	
Dividend paid	-	-	-	(990)	(990)	-	(990)	
At 30 April 2016	49,500	2,669	2,820	45,304	100,293	12,686	112,979	

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 year ended 30 April 2017 – unaudited

<i>In thousands of RM</i>	Financial Year Ended	
	30 Apr 2017	30 Apr 2016
Cash flows from operating activities		
Profit before tax	10,590	16,239
Adjustments for:		
Non-cash items	12,976	12,272
Non-operating items	3,646	3,000
Operating profit before changes in working capital	<u>27,212</u>	<u>31,511</u>
Changes in working capital:		
Inventories	(3,124)	2,074
Trade and other receivables	(1,976)	(1,440)
Trade and other payables	2,740	(1,332)
Cash generated from operations	<u>24,852</u>	<u>30,813</u>
Income tax paid	(4,003)	(2,807)
Net cash from operating activities	<u>20,849</u>	<u>28,006</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,086)	(16,565)
Acquisition of investment property	-	(4,227)
Proceeds from disposal of property, plant and equipment	312	70
(Increase)/Decrease in pledged deposits with licensed banks	(500)	137
Interest received	177	37
Net cash used in investing activities	<u>(12,097)</u>	<u>(20,548)</u>
Cash flows from financing activities		
Proceeds from term loans	4,867	25,925
Repayment of term loans	(7,344)	(4,742)
Proceeds from/(Repayment of) other borrowings	758	6,830
Repayment of finance lease liabilities	(3,559)	(3,351)
Dividends paid	(1,485)	(990)
Interest paid	(3,735)	(2,947)
Net cash (used in) / from financing activities	<u>(10,498)</u>	<u>20,725</u>
Net (decrease)/increase in cash and cash equivalents	(1,746)	28,183
Exchange differences on translation of the financial statements of foreign operations	1,032	(614)
Cash and cash equivalents at beginning of financial year	<u>27,343</u>	<u>(226)</u>
Cash and cash equivalents at end of financial year	<u>26,629</u>	<u>27,343</u>
Cash and cash equivalents at end of financial year comprise:		
Cash and bank balances	24,864	26,336
Deposits with licensed banks	8,065	5,342
Bank overdraft	(6,300)	(4,335)
	<u>26,629</u>	<u>27,343</u>

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*
- Amendment to MFRS 12, *Disclosure of Interest in Other Entities (Annual Improvements to MFRSs 2014 – 2016 Cycle)*

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*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendment to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Annual Improvements to MFRSs 2014 – 2016 Cycle

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 9 and MFRS 15 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 2017.

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 2017.

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 2017 (2016: 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 2017

	<u>Manufacturing</u> RM'000	<u>Trading</u> RM'000	<u>Investment Holding</u> RM'000	<u>Adjustment</u> RM'000	<u>Consolidated</u> RM'000
Revenue from external customers	212,321	7,664	-	-	219,985
Inter-segment	11,949	382	-	(12,331)	-
Total revenue	224,270	8,046	-	(12,331)	219,985
Segment results	16,449	(172)	(170)	(1,871)	14,236
Finance income					270
Finance costs					(3,916)
Profit before tax					10,590
Income tax expense					(2,292)
Profit for the year					8,298

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 save and except:

Kein Hing Thai Nguyen (Vietnam) Co., Ltd ("KHTV"), a wholly-owned subsidiary of the Company had on 19 May 2017 awarded a construction contract to a third party main contractor in Vietnam for the proposed construction of a single storey factory on the industrial land located at Plot No. CN8-2, Diem Thuy Industrial Park, Diem Thuy Commune, Phuc Binh District, Thai Nguyen, Vietnam owned by KHTV for a total construction cost of US Dollars 1,222,500 or approximately RM5.4 million (the "Proposed Construction"). The Proposed Construction is expected to complete in October 2017.

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 2017.

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 30.4.2017 RM'000
Total approved and contracted for	7,509

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 2017.

	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	-	-	-	-	-	2,565	2,565	2,565
Secured term loans	-	-	-	-	-	32,081	32,081	32,081
Finance lease liabilities	-	-	-	-	-	6,073	6,073	6,073
	-	-	-	-	-	40,719	40,719	40,719

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 RM55.5 million for the current 4th quarter as compared to the revenue of RM48.8 million reported in the corresponding quarter last year. The increase in revenue by RM6.7 million or 14% was mainly attributed to stronger sales achieved by Vietnam operation. For the financial year ended 30 April 2017, the Group reported revenue of RM220.0 million as compared to last year revenue of RM217.0 million, representing a slight growth of RM3.0 million or 1% only. The tooling sales achieved last year was exceptionally high following new items awarded by a customer in Vietnam and thus distorting the revenue by approximately RM7.0 million. If excluding this one-off tooling sales of RM7.0 million, the adjusted revenue should have increased by RM10.0 million or a growth of 4.7% in view of stronger customer demand particularly for the parts/metal components used in TVs, fridge, printer and automotive industries.

Following the increase in sales, the Group profit before tax ("PBT") for the current 4th quarter had also increased from RM0.7 million to RM1.6 million, representing an improvement of RM0.9 million or 123%. However, the increase in PBT was relatively lower as compared to the increase in revenue mainly due to the impact from the initial costs incurred by a new factory in Hai Phong, Vietnam as it is still under gestation period before it reaches the optimal production and sales in the next 1 - 2 years. For the financial year ended 30 April 2017, the Group reported lower PBT of RM10.6 million as compared to PBT of RM16.2 million last year. The decrease in PBT by RM5.6 million or -35% was mainly due to the distortion caused by the profit arising from the one-off tooling sales last year and also the initial costs incurred by the new factory located at Hai Phong, Vietnam.

B2. Variation of results against preceding quarter

The Group reported a lower PBT of RM1.6 million for the current 4th quarter as compared to PBT of RM2.5 million reported in the immediate preceding 3rd quarter of the current financial year, representing a decrease of RM0.9 million or -34%. The decrease in PBT was mainly due to foreign exchange loss and increase in costs associated with the new factory and expansion plan.

B3. Prospects

According to the International Monetary Fund ("IMF"), the Global Growth for 2017 is expected to be 3.5% and will accelerate in 2018 with global growth projected to be 3.6%. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the current U.S. Administration and its global ramifications. This will have implications for the whole global economy and may pose new threats to the already fragile world economy. In Malaysia, the constraint in labour supply will continue to be a critical issue as it will directly affect manpower and production planning.

Against the above backdrop, the Group revenue is expected to encounter some fluctuation as a result of less predictable customers' demand. Nevertheless, the Board of Directors expects that the Group will achieve a satisfactory result for the financial year ending 30 April 2018.

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 2018.

B5. Profit for the year

	3 Months Ended 30.4.2017 RM'000	Year Ended 30.4.2017 RM'000
Profit for the year is arrived at after charging/(crediting):-		
Depreciation and amortisation	3,387	12,966
Finance costs	1,038	3,916
Property, plant and equipment written off	3	50
Loss/(gain) on disposal of property, plant and equipment	2	(45)
Net foreign exchange loss/(gain)	94	(1,689)
Finance income	(96)	(270)

B.6 Income tax expense

	3 Months Ended 30.4.2017 RM'000	Year Ended 30.4.2017 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	(402)	1,823
- <i>Foreign income tax</i>	125	587
- <i>Over provision in prior year</i>	(163)	(288)
	<u>(440)</u>	<u>2,122</u>
Deferred tax expense	225	170
Total	<u>(215)</u>	<u>2,292</u>

The effective tax rate of the Group for the financial year was lower than the statutory income tax rate of 24% mainly due to tax incentive.

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 2017 were as follows:

	Short Term RM'000	Long Term RM'000
Bank overdraft	6,300	-
Bankers' acceptance and revolving credit	9,142	-
Bills payable	4,948	-
Term loans	6,163	25,918
Finance lease liabilities	3,111	2,962
Total borrowings (secured)	29,664	28,880

The loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM12.2 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 1.5 sen per share totalling RM1,485,000 in respect of the current financial year ended 30 April 2017 (2016: 1.5 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 2017 (2016: 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 30.4.2017 RM'000	3 Months Ended 30.4.2016 RM'000
Earnings		
Profit attributable to owners of the Company	<u>1,657</u>	<u>337</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>0.34</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

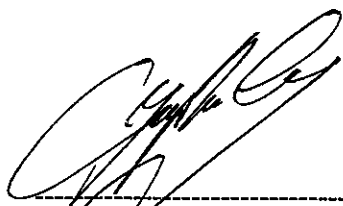
The breakdown of the retained earnings of the Group as at 30 April 2017, into realised and unrealised profits, is as follows:

	As at 30.4.2017 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	70,474
- Unrealised	(6,489)
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	63,985
Consolidation adjustments	(13,116)
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Total retained earnings of the Group	50,869
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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 23 June 2017.

By Order of the Board,



Yap Teon Choy
Group Managing Director
23 June 2017