

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 2018 - unaudited

	Note	3 Months Ended		Financial Year Ended	
		30 Apr 2018	30 Apr 2017	30 Apr 2018	30 Apr 2017
<i>In thousands of RM</i>					
Revenue		56,307	55,558	238,322	219,985
Operating profit		1,939	2,608	9,223	14,236
Finance income		94	96	375	270
Finance costs		(999)	(1,038)	(3,934)	(3,916)
Profit before tax		1,034	1,666	5,664	10,590
Income tax expense	B6	(808)	215	(2,286)	(2,292)
Profit for the period/year	B5	226	1,881	3,378	8,298
Other comprehensive income, net of tax					
<i>Items that will not be reclassified</i>					
<i>subsequently to profit or loss</i>					
Share of capital reserve by					
a non-controlling interest of a subsidiary					
		-	-	97	78
<i>Items that may be reclassified</i>					
<i>subsequently to profit or loss</i>					
Foreign currency translation differences					
for foreign operations					
		(25)	(786)	(4,507)	3,480
Total comprehensive income for the period/ year		201	1,095	(1,032)	11,856
Profit/(loss) attributable to:					
Owners of the Company		317	1,657	1,753	7,050
Non-controlling interests		(91)	224	1,625	1,248
Profit for the period/year		226	1,881	3,378	8,298
Total comprehensive income attributable to:					
Owners of the Company		297	1,165	(1,114)	9,250
Non-controlling interests		(96)	(70)	82	2,606
Total comprehensive income for the period/year		201	1,095	(1,032)	11,856
Earnings per ordinary share					
attributable to owners					
of the Company (sen):					
Basic/ Diluted	B11	0.29	1.67	1.61	7.12

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 2017 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 2018 – unaudited

<i>In thousands of RM</i>	Note	As at 30 Apr 2018	As at 30 Apr 2017
ASSETS			
Non-current assets			
Property, plant and equipment		100,959	106,511
Prepaid lease payments		6,124	7,020
Investment property		10,119	10,292
Other investments		195	198
		<u>117,397</u>	<u>124,021</u>
Current assets			
Trade and other receivables		42,206	39,118
Inventories		21,167	25,154
Cash and bank balances		35,969	33,428
		<u>99,342</u>	<u>97,700</u>
TOTAL ASSETS		<u>216,739</u>	<u>221,721</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		54,450	52,169
Reserves		51,009	55,889
		<u>105,459</u>	<u>108,058</u>
Non-controlling interests		12,963	15,292
Total equity		<u>118,422</u>	<u>123,350</u>
Non-current liabilities			
Loans and borrowings	B8	26,302	28,880
Trade and other payables		1,135	1,062
Deferred tax liabilities		3,884	4,126
		<u>31,321</u>	<u>34,068</u>
Current liabilities			
Loans and borrowings	B8	33,271	29,664
Trade and other payables		33,928	34,403
Current tax liabilities		(203)	236
		<u>66,996</u>	<u>64,303</u>
Total liabilities		<u>98,317</u>	<u>98,371</u>
TOTAL EQUITY AND LIABILITIES		<u>216,739</u>	<u>221,721</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.97</u>	<u>1.09</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 2017 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 2018 – unaudited

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
<i>In thousands of RM</i>							
At 1 May 2017	52,169	-	5,020	50,869	108,058	15,292	123,350
Profit for the year	-	-	-	1,753	1,753	1,625	3,378
Other comprehensive income for the year, net of tax	-	-	(2,867)	-	(2,867)	(1,543)	(4,410)
Total comprehensive income for the year, net of tax	-	-	(2,867)	1,753	(1,114)	82	(1,032)
Bonus issue	2,281	-	-	(2,281)	-	-	-
Dividend paid	-	-	-	(1,485)	(1,485)	(2,411)	(3,896)
At 30 April 2018	54,450	-	2,153	48,856	105,459	12,963	118,422
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	-	-	2,200	-	2,200	1,358	3,558
Total comprehensive income for the year, net of tax	-	-	2,200	7,050	9,250	2,606	11,856
Dividend paid	-	-	-	(1,485)	(1,485)	-	(1,485)
Transfer in accordance with Section 618(2) of the Companies Act 2016	2,669	(2,669)	-	-	-	-	-
At 30 April 2017	52,169	-	5,020	50,869	108,058	15,292	123,350

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 2017 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 2018 – unaudited

<i>In thousands of RM</i>	Financial Year Ended	
	30 Apr 2018	30 Apr 2017
Cash flows from operating activities		
Profit before tax	5,664	10,590
Adjustments for:		
Non-cash items	13,225	12,967
Non-operating items	3,559	3,655
Operating profit before changes in working capital	22,448	27,212
Changes in working capital:		
Inventories	3,987	(3,124)
Trade and other receivables	(2,971)	(1,977)
Trade and other payables	636	2,740
Cash generated from operations	24,100	24,851
Income tax paid	(2,911)	(4,003)
Net cash from operating activities	21,189	20,848
Cash flows from investing activities		
Acquisition of property, plant and equipment	(11,278)	(12,086)
Proceeds from disposal of property, plant and equipment	191	312
Interest received	375	177
Increase in pledged deposits with licensed banks	(16)	(500)
Net cash used in investing activities	(10,728)	(12,097)
Cash flows from financing activities		
Proceeds from term loans	7,752	4,867
Repayment of term loans	(5,870)	(7,345)
(Repayment of)/Proceeds from other borrowings	2,069	759
Repayment of finance lease liabilities	(4,057)	(3,559)
Dividend paid	(3,896)	(1,485)
Interest paid	(3,846)	(3,735)
Net cash used in financing activities	(7,848)	(10,498)
Net increase/(decrease) in cash and cash equivalents	2,613	(1,747)
Exchange differences on translation of the financial statements of foreign operations	(1,326)	1,032
Cash and cash equivalents at beginning of financial year	26,628	27,343
Cash and cash equivalents at end of financial year	27,915	26,628
Cash and cash equivalents at end of financial year comprise:		
Cash and bank balances	27,031	24,863
Deposits with licensed banks	8,422	8,065
Bank overdraft	(7,538)	(6,300)
	27,915	26,628

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2017 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 2017. 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 2017.

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 material 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendment to MFRS1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendment to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendment to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendment to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Annual Improvements to MFRSs Standards 2015-2017 Cycle
- Amendments to MFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term interests in Associates and Joint Ventures*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Share-Based Payment*
- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferred Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendment to IC Interpretation 12, *Service Concession Agreements*
- Amendment to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendment to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendment to IC Interpretation 132, *Intangible Assets – Web Site Costs*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

The initial applications of these MFRSs, Amendments and Interpretations, if applicable, are not expected to have material financial impacts to the current and prior periods' consolidated financial statements of the Group upon their first adoption. A brief discussion on the significant MFRSs namely MFRS 9, MFRS 15 and MFRS 16 are summarised below:

(i) MFRS 9, Financial Instruments

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial statements are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial statements. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

(ii) MFRS 15, Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- *identify the contracts with a customer;*
- *identify the performance obligation in the contract;*
- *determine the transaction price;*
- *allocate the transaction price to the performance obligations in the contract; and*
- *recognise revenue when (or as) the entity satisfies a performance obligation.*

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

(iii) MFRS 16, Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

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 2018.

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 2018.

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 save as disclosed below:

The Company issued 9,899,996 bonus shares on the basis of one (1) bonus share for every ten (10) existing shares of the Company held by the shareholders whose names appeared in the record of depositors of the Company at the close of business on 15 November 2017. The bonus shares have been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 16 November 2017.

A7. Dividend Paid

No interim dividend was paid during the current quarter and financial year ended 30 April 2018 (2017: Nil).

The Company paid the first and final single tier dividend of 1.5 sen per ordinary share totalling RM1,485,000 in respect of the last financial year ended 30 April 2017 (2016: 1.5 sen per share) on 21 November 2017.

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 2018

	<u>Manufacturing</u>	<u>Trading</u>	<u>Investment</u> <u>Holding</u>	<u>Adjustment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	229,226	9,096	-	-	238,322
Inter-segment	14,276	367	-	(14,643)	-
Total revenue	243,502	9,463	-	(14,643)	238,322
Segment results	10,839	(8)	(958)	(650)	9,223
Finance income					375
Finance costs					(3,934)
Profit before tax					5,664
Income tax expense					(2,286)
Profit for the year					3,378

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 as disclosed below:

On 18 July 2013, Kein Hing Industry Vietnam Co., Ltd ("KHIV"), a wholly-owned subsidiary of the Company had entered into a Supplementary Land Lease Agreement with a third party to acquire an additional vacant industrial land measuring approximately 7,500 square meters at a cash consideration of VND12,580,860,000 or equivalent to RM1,949,686. KHIV had made progress payment for the land use right amounting to RM1,503,642 as at 30 April 2018. Subsequent to the end of the financial year, KHIV had completed the land handing over on 18 June 2018.

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 2018.

The Company had on 8 February 2018 announced that its wholly-owned subsidiary, Zenne Appliances Sdn Bhd ("ZA"), had commenced members' voluntary winding-up pursuant to Section 439 (1)(b) of the Companies Act, 2016 ("Winding-Up").

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
	30.4.2018
	RM'000
Total approved and contracted for	<u>2,584</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 30 April 2018.

	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 of a subsidiary	-	-	-	-	-	-	2,358	2,358	2,358	2,358
Secured term loans	-	-	-	-	-	-	31,964	31,964	31,964	31,964
Finance lease liabilities	-	-	-	-	-	-	3,912	3,912	3,912	3,912
	-	-	-	-	-	-	38,234	38,234	38,234	38,234

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

Financial Review for Current Quarter and Current Financial Year respectively:

	4th Quarter Ended		Changes	
<i>(In thousands of RM)</i>	<u>30 Apr 2018</u>	<u>30 Apr 2017</u>		
Revenue	56,307	55,558	749	1%
Operating Profit	1,939	2,608	(669)	-26%
Profit Before Tax ("PBT")	1,034	1,666	(632)	-38%
Profit After Tax	226	1,881	(1,655)	-88%
Profit Attributable to Owners of the Company	317	1,657	(1,340)	-81%

	Financial Year Ended		Changes	
<i>(In thousands of RM)</i>	<u>30 Apr 2018</u>	<u>30 Apr 2017</u>		
Revenue	238,322	219,985	18,337	8%
Operating Profit	9,223	14,236	(5,013)	-35%
Profit Before Tax ("PBT")	5,664	10,590	(4,926)	-47%
Profit After Tax	3,378	8,298	(4,920)	-59%
Profit Attributable to Owners of the Company	1,753	7,050	(5,297)	-75%

The Group registered higher revenue with growth of 1% and 8% for the current quarter and financial year respectively mainly attributed to stronger customer demand for parts/metal components used in assembly of TV, fridge, printer and automotive industries.

The changes in revenue contributed by Malaysia operation and Vietnam operation respectively were as follows:

	4th Quarter Ended		Changes	
<i>(In thousands of RM)</i>	<u>30 Apr 2018</u>	<u>30 Apr 2017</u>		
Malaysia Operation	36,829	36,071	758	2%
Vietnam Operation	19,478	19,487	(9)	0%
Total Revenue	56,307	55,558	749	1%

	Financial Year Ended		Changes	
	30 Apr 2018	30 Apr 2017		
<i>(In thousands of RM)</i>				
Malaysia Operation	152,023	145,579	6,444	4%
Vietnam Operation	86,299	74,406	11,893	16%
Total Revenue	238,322	219,985	18,337	8%

Despite the increase in revenue, the Group reported lower PBT for the current quarter under review mainly due to the initial set up cost incurred by the new factory of Kein Hing Thai Nguyen (Vietnam) Co., Ltd (“KHTV”) which was completed in March 2018 and also the costs associated with new items awarded by customers to the factory located at Vietnam Singapore Industrial Park in Hai Phong, Vietnam.

For the financial year ended 30 April 2018, the Group PBT was mainly affected by the foreign exchange loss as detailed below:

	Financial Year Ended		Variance	
	30 Apr 2018	30 Apr 2017		
<i>(In thousands of RM)</i>				
Net foreign exchange gain/(loss)	(2,092)	1,548	(3,640)	-235%

The PBT for the year was also impacted by the costs incurred for new production lines, recruitment and development of skilled and semi-skilled workforce for the factories located in Hai Phong and Thai Nguyen, Vietnam respectively which have not reached the optimal production and sales to date, higher depreciation charge resulting from new machines invested and the escalating labour costs as a consequence of both constraints in labour supply encountered in Malaysia operation and the wage inflation experienced in Vietnam Operation respectively.

The equity attributable to Owners of the Company stood at RM105 million as at 30 April 2018 which translated into a Net Assets per share of RM0.97. The Net Assets per share decreased from RM1.09 as at 30 April 2017 to RM0.97 was mainly due to Bonus Issue and the reduction in reserves which was mainly due to changes in foreign currency translation differences for foreign operations/subsidiaries and dividends paid during the year.

Notwithstanding with the above, the Group’s cash and bank balances increased from approximately RM33 million as at 30 April 2017 to RM36 million as at 30 April 2018. The Group prudent management always maintains sufficient cash and available funds through an adequate amount of committed credit facilities and cash reserves.

B2. Variation of results against preceding quarter

Financial Review for Current Quarter (compared with immediate preceding 3rd quarter):

	Quarter Ended		Changes	
<i>(In thousands of RM)</i>	<u>30 Apr 2018</u>	<u>31 Jan 2018</u>		
Revenue	56,307	59,845	(3,538)	-6%
Operating Profit	1,939	1,457	482	33%
Profit Before Tax ("PBT")	1,034	632	402	64%
Profit After Tax	226	103	123	119%
Profit/(Loss) Attributable to Owners of the Company	317	(656)	973	148%

The Group revenue decreased mainly due to lower customers' orders for parts/metal components in Vietnam in the month of February 2018 where Chinese New Year was celebrated with long holidays. However, the Group PBT increased mainly attributed to a net foreign exchange loss of RM1.5 million recognised in the immediate preceding 3rd quarter.

The revenue contributed by Malaysia operation and Vietnam operation respectively were as follows:

	Quarter Ended		Changes	
<i>(In thousands of RM)</i>	<u>30 Apr 2018</u>	<u>31 Jan 2018</u>		
Malaysia Operation	36,829	36,631	198	1%
Vietnam Operation	19,478	23,214	(3,736)	-16%
Total Revenue	56,307	59,845	(3,538)	-6%

B3. Prospects

The International Monetary Fund had in its April 2018 World Economic Outlook projected that the global economy will grow 3.9% in both 2018 and 2019, up from the global growth of 3.8% achieved in 2017. However, we believe that growth remains weak in many countries which will have implications for the whole global economy and may pose new threats to the already fragile world economy.

In Malaysia, the issue of constraints in labour supply will continue to be critical as it directly affects the production and manpower planning which in turn will affect the profitability of Malaysia Operation. Whereas in Vietnam, there is sign of increase in customers' orders in 2018 which will cushion the operating overhead of the factory located at Vietnam Singapore Industrial Park in Hai Phong, Vietnam.

Against the above operating environment, the Group performance is expected to encounter some fluctuation as a result of the less predictable customers' demand and costs to be incurred by new factories. Nevertheless, the Board of Directors expects that the Group will achieve a satisfactory result relative to those companies in the same industry for the financial year ending 30 April 2019.

B4. Variance of actual and forecast profit

The Group did not provide any financial estimate, forecast or projection, or profit guarantee for the next financial year ending 30 April 2019.

B5. Profit for the period/year

	3 Months Ended 30.4.2018 RM'000	Year Ended 30.4.2018 RM'000
Profit for the period/year is arrived at after charging/(crediting):-		
Depreciation and amortisation	3,246	13,351
Finance costs	999	3,934
Property, plant and equipment written off	10	19
Gain on disposal of property, plant and equipment	(82)	(91)
Net foreign exchange (gain)/loss	(76)	2,092
Finance income	(94)	(375)

B.6 Income tax expense

	3 Months Ended 30.4.2018 RM'000	Year Ended 30.4.2018 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	817	1,279
- <i>Foreign income tax</i>	209	894
- <i>Under provision in prior year</i>	(83)	274
	<u>943</u>	<u>2,447</u>
Deferred tax expense	<u>(135)</u>	<u>(161)</u>
Total	<u><u>808</u></u>	<u><u>2,286</u></u>

The effective tax rate of the Group for the financial year was higher than the statutory income tax rate of 24% mainly due to non-deductible expenses.

B7. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the date of this report save as disclosed below:

The Company has on 26 June 2018 entered into a conditional transfer agreement ("Transfer Agreement") with Mr Shingo Muramoto, a related party, for the acquisition of USD528,000 Charter Capital in Kein Hing Muramoto (Vietnam) Co., Ltd ("KHMV") representing 24% equity interest in KHMV for a cash consideration of USD1,100,000 subject to the terms and conditions in the Transfer Agreement.

B8. Group loans and borrowings (secured)

The Group loans and borrowings as at 30 April 2018 (compared with that of the last financial year) were as follows:

	As at 30 April 2018					
	Long Term (Secured)		Short Term (Secured)		Total Borrowings (Secured)	
	Foreign	RM	Foreign	RM	Foreign	RM
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	16,352	8,763	4,736	2,113	21,088	10,876
Finance lease liabilities	-	1,187	-	2,725	-	3,912
Bankers' acceptance	-	-	-	8,811	-	8,811
Bills payable	-	-	7,348	-	7,348	-
Bank overdrafts	-	-	-	7,538	-	7,538
Total	16,352	9,950	12,084	21,187	28,436	31,137
Grand Total		26,302		33,271		59,573

	As at 30 April 2017					
	Long Term (Secured)		Short Term (Secured)		Total Borrowings (Secured)	
	Foreign	RM	Foreign	RM	Foreign	RM
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	15,018	10,900	4,193	1,970	19,211	12,870
Finance lease liabilities	-	2,962	-	3,111	-	6,073
Bankers' acceptance	-	-	-	9,142	-	9,142
Bills payable	-	-	4,948	-	4,948	-
Bank overdrafts	-	-	-	6,300	-	6,300
Total	15,018	13,862	9,141	20,523	24,159	34,385
Grand Total		28,880		29,664		58,544

The Group loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM12.8 million (as at 30 April 2017: RM12.2 million) and RM15.6 million (as at 30 April 2017: RM11.9 million) which are denominated in US Dollar and Vietnam Dong respectively. The repayment of these foreign denomination loans and borrowings will be funded by the net cash generated from operating activities in their foreign denomination respectively.

The increase in the Group loans and borrowings was mainly due to changes in utilisation of trade facilities for financing of the purchase of raw materials for production and sales.

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

No interim dividend was declared during the current financial year ended 30 April 2018 (2017: NIL).

The Board of Directors proposes a first and final single tier dividend of 1.0 sen per share totalling RM1,089,000 in respect of the current financial year ended 30 April 2018 (2016: 1.5 sen per share, totalling RM1,485,000). The entitlement and payment dates will be announced at a date to be determined later by the Board of Directors.

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 30.4.2018 RM'000	3 Months Ended 30.4.2017 RM'000
Earnings		
Profit attributable to Owners of the Company	<u>317</u>	<u>1,657</u>
Weighted average number of ordinary shares in issue ('000)	<u>108,900</u>	<u>99,000</u>
Basic earnings per ordinary share (sen)	<u>0.29</u>	<u>1.67</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 2017 was unmodified.

B13. 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 29 June 2018.

By Order of the Board,

Yap Toon Choy
Group Managing Director
29 June 2018