

KHIND HOLDINGS BERHAD (380310-D)

(Incorporated in Malaysia)

The directors are pleased to announce the unaudited condensed consolidated quarterly report for the three months period ended 31 March 2014

Condensed Consolidated Statement of Comprehensive Income

For the three months period ended 31 March 2014 - Unaudited

	Individual Period		Cumulative Period	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	68,569	61,339	68,569	61,339
Cost of sales	(47,306)	(40,590)	(47,306)	(40,590)
Gross profit	21,263	20,749	21,263	20,749
Other operating income	1,409	1,670	1,409	1,670
Interest income	79	68	79	68
Operating expenses	(20,256)	(19,301)	(20,256)	(19,301)
Finance cost	(641)	(740)	(641)	(740)
Profit before tax	1,854	2,446	1,854	2,446
Tax expense	(482)	(636)	(482)	(636)
Net profit for the period	1,372	1,810	1,372	1,810
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	(112)	(206)	(112)	(206)
Total comprehensive income	1,260	1,604	1,260	1,604
Profit attributable to:				
Equity holders of the parent	1,372	1,810	1,372	1,810
Non-controlling interest	0	0	0	0
	1,372	1,810	1,372	1,810
Basic earning per share attributable to equity holders of the parent (sen)	3.42	4.52	3.42	4.52

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)

KHIND HOLDINGS BERHAD (380310-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 31 March 2014 - Unaudited

	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	49,347	49,634
Prepaid lease payments	2,248	2,298
Investment property	3,090	3,090
Intangible assets	3,975	3,970
Deferred Tax Assets	3,691	4,262
	<u>62,351</u>	<u>63,254</u>
<i>Current assets</i>		
Other Investment	1,307	1,300
Trade and other receivables	66,876	69,044
Inventories	56,106	61,715
Current tax assets	399	73
Cash and cash equivalents	27,782	37,450
	<u>152,470</u>	<u>169,582</u>
TOTAL ASSETS	<u>214,821</u>	<u>232,836</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	1,195	1,307
Reserves	64,004	62,632
Total equity attributable to owner of the Company	<u>105,258</u>	<u>103,998</u>
Total equity	<u>105,258</u>	<u>103,998</u>
<i>Non Current liabilities</i>		
Borrowings	23,499	23,377
Deferred tax liabilities	1,889	2,202
	<u>25,388</u>	<u>25,579</u>
<i>Current liabilities</i>		
Trade and other payables	45,123	47,481
Loans and borrowings	37,326	53,598
Current tax liabilities	1,726	2,180
	<u>84,175</u>	<u>103,259</u>
Total liabilities	<u>109,563</u>	<u>128,838</u>
TOTAL EQUITY AND LIABILITIES	<u>214,821</u>	<u>232,836</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>2.63</u>	<u>2.60</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction
with the Annual Financial Report for the year ended 31 December 2013)

KHIND HOLDINGS BERHAD (380310-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2014 - Unaudited

	← Attributable to Equity Holders of the Parent →			
	Share Capital RM'000	Non Distributable Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000
<u>3 months ended 31 March 2013</u>				
At 1 January 2013	40,059	333	50,402	90,794
Total comprehensive income for the period	0	(206)	1,810	1,604
Dividends to shareholders	0	0	0	0
At 31 March 2013	40,059	127	52,212	92,398
<u>3 months ended 31 March 2014</u>				
At 1 January 2014	40,059	1,307	62,632	103,998
Total comprehensive income for the period	0	(112)	1,372	1,260
Dividends to shareholders	0	0	0	0
At 31 March 2014	40,059	1,195	64,004	105,258

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)

KHIND HOLDINGS BERHAD (380310-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the three months period ended 31 March 2014 - Unaudited

	31 March 2014 RM'000	31 March 2013 RM'000
Profit before taxation	1,854	2,446
Adjustment for :		
Depreciation & amortisation	963	795
Finance cost	(641)	(740)
Interest income	(79)	(68)
Net gain on disposal of property, plant and equipment	(141)	(1,189)
Change in fair value of financial assets	(6)	(7)
Operating profit before changes in working capital	1,950	1,237
Changes in working capital :		
Inventories	5,609	1,749
Trade and other receivables	2,170	7,922
Payables and accruals	(8,475)	(10,318)
Cash generated from operations	1,254	590
Tax refunded	32	0
Tax paid	(955)	(764)
Net cash generated from operating activities	331	(174)
Cash flows from investing activities		
Interest income	79	68
Acquisition of property, plant and equipment	(419)	(3,105)
Acquisition of intangible assets	(9)	(16)
Proceeds from disposal of :		
- asset held for sale	0	2,979
- property, plant and equipment	219	1
Net cash used in investing activities	(130)	(73)
Cash flows from financing activities		
Finance cost	641	740
Repayment of bank borrowings	(10,929)	(6,501)
Repayment of hire purchase liabilities	(333)	(233)
Net cash used in financing activities	(10,621)	(5,994)
Net decrease in cash and cash equivalents	(10,420)	(6,241)
Cash and cash equivalents at beginning of financial period	36,162	33,023
Effect of exchange rate changes	(172)	(212)
Cash and cash equivalents at end of financial period	25,570	26,570
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Cash and bank balances	27,782	27,355
Bank overdrafts	(2,212)	(785)
	25,570	26,570

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2014

Notes to the Interim Financial Report

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 31 March 2014 are consistent with those adopted in audited financial statements for the year ended 31 December 2013.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities : Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011) : Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle)
Amendments to MFRS 2	Share-based Payment (Annual Improvements 2010 – 2012 Cycle)
Amendments to MFRS 3	Business Combination (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010 – 2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans : Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)

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2. Significant Accounting Policies (continued)

Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010 – 2012 Cycle)
Amendments to MFRS 140	Investment Property (Annual Improvements 2011 – 2013 Cycle)

MFRS, Interpretations and amendments effective for a date yet to be confirmed

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
Amendments to MFRS 7	Financial Instruments : Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

3. Audit qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2013 was not subject to any qualification.

4. Seasonal or cyclical factors

Generally, sales of our products are enhanced during festive seasons celebrated in Malaysia.

5. Unusual items

Other than those stated in the notes, there were no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

6. Changes in estimates

There were no changes in estimates for the financial period under review.

7. Issuance or repayment of debts and equity securities

There were no other issuance and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

8. Dividend paid

There were no dividends paid in the current quarter.

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9. Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units.

- (i) Investment holdings – includes the holding of investment in subsidiaries
- (ii) Trading and service – includes trading of electrical products and providing general repair and rework services
- (iii) Manufacturing – includes manufacturing and distribution of electrical products

	Investment holding		Trading & service		Manufacturing		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External										
Local	-	-	30,391	32,235	2,436	1,794			32,827	34,029
Overseas	-	-	33,850	25,472	1,892	1,838			35,742	27,310
Internal	1,277	1,216	1,307	1,887	10,358	13,864	(12,942)	(16,967)	-	-
Total segment revenue	1,277	1,216	65,548	59,594	14,686	17,496	(12,942)	(16,967)	68,569	61,339
Segment profit	(935)	(1,234)	2,951	2,300	193	833	207	4	2,416	1,903
Other income									-	1,215
Finance cost									(641)	(740)
Interest income									79	68
Profit before tax									1,854	2,446
Tax expense									(482)	(636)
Net profit									1,372	1,810

Year 2014 refers to 3 months period ended 31.3.2014 as compare to the corresponding 3 months in the preceding year.

10. Valuation of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

11. Material subsequent events

As at the date of issue of this quarterly report, there were no material events subsequent to the end of this period reported on that have not been reflected in the financial statement for the said period.

12. Changes in the composition of the group

There were no changes in the composition of the Group during the current quarter.

13. Contingent liabilities

As at 31.3.2014, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM131.50 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM7.65 million.

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14. Capital and other commitment

	RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided	<u>3,840</u>

15. Key management personnel compensation

Total compensation to Directors of the Company and other members of key management during the quarter under review are as follows:

	31/3/14 RM'000	31/3/13 RM'000
Directors of the Company	1,019	914
Other key management personnel	2,973	2,181

16. Related party transactions

Transactions with related parties during the quarter under review are as follows:-

	Transaction value 3 months ended		Balance as at	
	31/3/14 RM'000	31/3/13 RM'000	31/3/14 RM'000	31/3/13 RM'000
<i>Sales to :-</i>				
HSL E & E Corp (M) Sdn Bhd	-	-	14	14
<i>Purchase from :-</i>				
- Hupson Industries Sdn Bhd	-	-	-	-

These transactions had been entered into in the normal course of business and had been established under negotiated terms.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

1. Review of Performance

Comparison results of current quarter and previous corresponding quarter

The Group recorded revenue of RM68.57 million for the current quarter under review representing an increase of 11.8% over revenue of RM61.34 million of previous corresponding quarter.

The Group recorded profit before tax of RM1.85 million for the current quarter under review representing a decrease of 24.2% over profit before tax of RM2.45 million of previous corresponding quarter. The decrease was partly due to one-off recognition of gain on disposal of property in one of the subsidiary in 2013.

The performance of the business segments for the current period is described as below:

1) Investment Holdings Division

No dividend received from subsidiaries has caused this division recorded loss for the current quarter.

2) Trading and Service Division

The overall revenue in Trading and Service Division recorded an increase of 10.0% as compared to previous corresponding quarter, despite slight drop in the local revenue. The increase was solely attributed to higher revenue from overseas market especially Middle East and Singapore.

In tandem with the increase in revenue, operating profit increased by 28.3% as compared to previous corresponding quarter.

3) Manufacturing Division

The revenue in Manufacturing Division has dropped by 16.1% as compared to previous corresponding quarter mainly due to lower demand from inter-companies caused by slowdown in local market.

The operating profit in this division decreased substantially by 85.4% which was attributed by lower sales while sustaining high manufacturing fixed costs.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM68.57 million for the current quarter under review, representing a decrease of 14.9% as compared to RM80.58 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM1.85 million, representing a decrease of 46.1% as compared to the preceding quarter of RM3.43 million.

3. Commentary on prospect

The Board of Directors is pleased with the performance achieved in the current quarter, which was mainly attributed to the improved performance of overseas operations in line with the Group Strategic plan.

The outlook for the Group operations remained positive.

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4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	31/3/14	31/3/13	31/3/14	31/3/13
	RM'000	RM'000	RM'000	RM'000
- Current tax expense	226	367	226	367
- Deferred tax expense	256	269	256	269
Total	482	636	482	636

The group's effective tax rate for the quarter ended 31 March 2014 is 25.9%.

6. Status of corporate proposals

Khind-Mistral Borneo Sdn Bhd, the Company's wholly owned subsidiary had on 15 May 2014 executed a Letter of Agreement with Scope Enterprise Sdn Bhd ("SESB") to extend the Completion Date for another 3 months until 26 June 2014 to allow SESB to procure all the consents from the state authorities for the transfer of all that parcel of land held under Individual Title Lot No. 1214 Section 66 Kuching town Land District State of Sarawak bearing postal address of Lot 1214 Section 66 Jalan Perbadanan, Off Bintawa Industrial Estate, 93450 Kuching.

7. Borrowings and debt securities

(a) Bank Borrowings (current and repayable within 1 year)

Details of the Group's bank borrowings as at the end of this reporting period: -

	Foreign Currency '000	31/3/14 RM'000	Foreign Currency '000	31/12/13 RM'000
Bank Overdrafts				
Secured		878		408
Unsecured		1,334		880
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		22,489		34,068
Unsecured – denominated in foreign currency	SGD1,341	3,480	SGD1,220	3,171
Revolving Credit				
Denominated in Ringgit Malaysia		1,250		1,250
Denominated in foreign currency	SGD2,200	5,708	SGD2,200	5,716
Total		35,139		45,493

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7. Borrowings and debt securities (Continued)

Secured bank borrowings are secured by fixed charges over the long term leasehold or freehold land and building of certain subsidiary company and are guaranteed by the Company. Unsecured bank overdraft and bankers' acceptances are guaranteed by the Company.

The bank overdrafts bear interest at rates 7.28% (2013 – 7.28%) per annum. The banker acceptances bear interest at rates ranging from 1.49% to 5.75% (2013 – 1.49% to 5.75%) per annum.

(b) Term Loans

Details of the Group's term loans as at the end of this reporting period :-

	Foreign Currency '000	31/3/14 RM'000	Foreign Currency '000	31/12/13 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		789		798
Secured – Denominated in foreign currency	SGD143	372	SGD142	370
Total		<u>1,161</u>		<u>1,168</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		13,924		14,108
Secured – Denominated in foreign currency	SGD3,127	8,112	SGD3,164	8,221
Total		<u>22,036</u>		<u>22,329</u>
Grand Total		<u>23,197</u>		<u>23,497</u>

Term loans repayment schedule:

	Total RM'000	Under 1 year RM'000	1-2 year RM'000	2-5 year RM'000	Over 5 year RM'000
Secured	23,197	1,161	1,119	3,384	17,533
Total	<u>23,197</u>	<u>1,161</u>	<u>1,119</u>	<u>3,384</u>	<u>17,533</u>

The term loans are secured by :-

- fixed charges over the respective subsidiary's long term leasehold or freehold land and building, and
- corporate guarantee from the Company.

The term loans bear interest at 1.68% to 7.78% (2013 – 1.68% to 7.78%) per annum.

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Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2014

7. Borrowings and debt securities (Continued)

c) Hire Purchase Creditors

Details of the Group's hire purchase creditors as at the end of this reporting period:-

	31/3/14 RM'000	31/12/13 RM'000
Hire Purchase Creditors	2,726	2,014
Less: Interest in suspense	237	146
Balance	2,489	1,868
Repayable within one year	1,026	837
Repayable one to five years	1,463	1,031
Balance	2,489	1,868

The hire purchase liabilities bear interest at rates ranging from 2.38% to 6.56% (2013 – 2.38% to 6.56%) per annum.

8. Dividend

The Board of Directors does not recommend any interim dividend for the current financial year to date.

9. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 31.3.14	Preceding year corresponding quarter 31.3.13	Three Months to 31.3.14	Three Months to 31.3.13
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,372	1,810	1,372	1,810
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	3.42	4.52	3.42	4.52

Basic earnings per share of the Group is calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

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Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2014

10. Disclosure of realised and unrealised retained profits

The Group's realised and unrealised retained profits disclosures are as follows:

	As at 31.3.14 (RM'000)	As at 31.12.13 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	62,025	60,879
- Unrealised	651	904
Consolidation adjustments	1,327	860
Total Group retained profits as per consolidated accounts	64,003	62,643

11. Profit for the period is arrived at after charging/(crediting):-

	Individual Period		Cumulative Period	
	31.3.14	31.3.13	Three Months to 31.3.14	Three Months to 31.3.13
	RM '000	RM '000	RM '000	RM '000
Depreciation & Amortisation	963	795	963	795
Net (gain)/loss on disposal of property, plant and equipment	(141)	(1,189)	(141)	(1,189)
Foreign exchange loss / (gain)	(17)	(24)	(17)	(24)