

KHIND HOLDINGS BERHAD (380310-D)

(Incorporated in Malaysia)

The directors are pleased to announce the unaudited condensed consolidated quarterly report for the nine months period ended 30 September 2014

Condensed Consolidated Statement of Comprehensive Income

For the nine months period ended 30 September 2014 - Unaudited

	Individual Period		Cumulative Period	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	82,159	86,913	239,982	244,457
Cost of sales	(56,536)	(59,895)	(164,172)	(165,335)
Gross profit	25,623	27,018	75,810	79,122
Other operating income	695	2,322	2,435	5,905
Interest income	95	87	212	210
Operating expenses	(22,204)	(22,206)	(65,148)	(66,149)
Finance cost	(760)	(922)	(2,126)	(2,423)
Profit before tax	3,449	6,299	11,183	16,665
Tax expense	(510)	(1,467)	(2,088)	(3,598)
Net profit for the period	2,939	4,832	9,095	13,067
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	211	1,057	(269)	861
Total comprehensive income	3,150	5,889	8,826	13,928
Profit attributable to:				
Equity holders of the parent	2,939	4,832	9,095	13,067
Non-controlling interest	0	0	0	0
	2,939	4,832	9,095	13,067
Basic earning per share attributable to equity holders of the parent (sen)	7.34	12.06	22.70	32.62

(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 30 September 2014 - Unaudited

	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	57,847	49,634
Prepaid lease payments	2,148	2,298
Investment property	3,090	3,090
Intangible assets	3,979	3,970
Deferred Tax Assets	3,273	4,262
	<u>70,337</u>	<u>63,254</u>
<i>Current assets</i>		
Other Investment	1,290	1,300
Trade and other receivables	70,019	69,044
Inventories	61,665	61,715
Current tax assets	843	73
Cash and cash equivalents	38,486	37,450
	<u>172,303</u>	<u>169,582</u>
TOTAL ASSETS	<u>242,640</u>	<u>232,836</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	1,038	1,307
Reserves	71,727	62,632
Total equity attributable to owner of the Company	<u>112,824</u>	<u>103,998</u>
Total equity	<u>112,824</u>	<u>103,998</u>
<i>Non Current liabilities</i>		
Borrowings	29,248	23,377
Deferred tax liabilities	1,559	2,202
	<u>30,807</u>	<u>25,579</u>
<i>Current liabilities</i>		
Trade and other payables	46,979	53,598
Loans and borrowings	51,615	47,481
Current tax liabilities	415	2,180
	<u>99,009</u>	<u>103,259</u>
Total liabilities	<u>129,816</u>	<u>128,838</u>
TOTAL EQUITY AND LIABILITIES	<u>242,640</u>	<u>232,836</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>2.82</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 nine months ended 30 September 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>9 months ended 30 September 2013</u>				
At 1 January 2013	40,059	333	50,402	90,794
Total comprehensive income for the period	0	861	13,067	13,928
Dividends to shareholders	0	0	(4,005)	(4,005)
At 30 September 2013	40,059	1,194	59,464	100,717
<u>9 months ended 30 September 2014</u>				
At 1 January 2014	40,059	1,307	62,632	103,998
Total comprehensive income for the period	0	(269)	9,095	8,826
Dividends to shareholders	0	0	0	0
At 30 September 2014	40,059	1,038	71,727	112,824

(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 nine months period ended 30 September 2014 - Unaudited

	30 September 2014 RM'000	30 September 2013 RM'000
Profit before taxation	11,183	16,665
Adjustment for :		
Depreciation & amortisation	3,017	2,494
Finance cost	2,126	2,423
Interest income	(212)	(210)
Net gain on disposal of property, plant and equipment	(149)	(3,922)
Change in fair value of financial assets	11	(85)
Operating profit before changes in working capital	15,976	17,365
Changes in working capital :		
Inventories	49	(10,287)
Trade and other receivables	(973)	(11,473)
Payables and accruals	(6,619)	10,470
Cash generated from operations	8,433	6,075
Tax refunded	63	98
Tax paid	(4,184)	(2,727)
Net cash generated from operating activities	4,312	3,446
Cash flows from investing activities		
Interest income	212	210
Acquisition of property, plant and equipment	(3,398)	(6,090)
Acquisition of intangible assets	(23)	(58)
Proceeds from disposal of :		
- property, plant and equipment	246	11,146
Net cash (used in) / generated from investing activities	(2,963)	5,208
Cash flows from financing activities		
Dividend paid to shareholders	0	(4,006)
Finance cost	(2,126)	(2,423)
Drawdown / (Repayment) of bank borrowings	991	(239)
Repayment of hire purchase liabilities	(887)	(764)
Net cash used in financing activities	(2,022)	(7,432)
Net (decrease) / increase in cash and cash equivalents	(673)	1,222
Cash and cash equivalents at beginning of financial period	36,162	33,023
Effect of exchange rate changes	(373)	574
Cash and cash equivalents at end of financial period	35,116	34,819

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30 September 2014 RM'000	As at 30 September 2013 RM'000
Cash and bank balances	38,486	36,246
Bank overdrafts	(3,370)	(1,427)
	35,116	34,819

(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 third financial quarter ended 30 September 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 30 September 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
Turnover										
External										
Local	-	-	113,060	129,362	9,387	10,147			122,447	139,509
Overseas	-	-	111,719	93,749	5,816	11,199			117,535	104,948
Internal	12,693	15,564	6,713	5,502	45,505	55,957	(64,911)	(77,023)	-	-
Total revenue	12,693	15,564	231,492	228,613	60,708	77,303	(64,911)	(77,023)	239,982	244,457
Segment results	5,568	9,374	12,028	11,638	5,336	6,509	(9,835)	(12,811)	13,097	14,710
Other income									-	4,168
Finance cost									(2,126)	(2,423)
Interest income									212	210
Profit before tax									11,183	16,665
Tax expense									(2,088)	(3,598)
Net profit									9,095	13,067

Year 2014 refers to 9 months period ended 30.9.2014 as compare to the corresponding 9 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 30.9.2014, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM137.91 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM8.01 million.

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14. Key management personnel compensation

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

	30/9/14 RM'000	30/9/13 RM'000
Directors of the Company	1,757	1,588
Other key management personnel	5,244	4,937

15. Related party transactions

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

	Transaction value 9 months ended		Balance as at	
	30/9/14 RM'000	30/9/13 RM'000	30/9/14 RM'000	30/9/13 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 RM82.16 million for the current quarter under review representing a decrease of 5.5% over revenue of RM86.91 million of previous corresponding quarter.

The Group recorded profit before tax of RM3.45 million for the current quarter under review representing a decrease of 45.2% over profit before tax of RM6.30 million of previous corresponding quarter. The significant decrease in profit was partly due to decline in revenue and the one-off recognition of gain on disposal of property in one of the subsidiary in previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM239.98 million for the current period under review representing a slight decrease of 1.8% over revenue of RM244.46 million of previous corresponding period.

The Group recorded profit before tax of RM11.18 million for the current period under review representing a decrease of 32.9% over profit before tax of RM16.67 million of previous corresponding period.

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

1) Investment Holdings Division

The division recorded high revenue mainly due to dividend received from subsidiaries. Meanwhile the division recorded lower profit before tax for the current period mainly due to the recognition of gain on disposal of one of its property in previous corresponding period.

2) Trading and Service Division

The revenue in Trading and Service Division recorded a slight increase of 1.3% as compared to previous corresponding period. In fact, the decline in local demand resulted a substantial decrease in the local revenue. However, this was cushioned by higher overseas revenue driven by the increase of overseas demand.

Meanwhile profit before tax has decreased by 18.6% as compared to last corresponding period partly due to gain on disposal of property had been realised in FY2013 first half year period.

3) Manufacturing Division

The revenue in Manufacturing Division has dropped by 21.5% as compared to previous corresponding period which is mainly due to slow demand from both direct export and inter-companies.

Profit before tax has decreased by 17.1% which is attributed by low sales and fixed manufacturing cost incurred.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM82.16 million for the current quarter under review, representing a decrease of 7.9% as compared to RM89.25 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM3.45 million, representing a decrease of 41.3% as compared to the preceding quarter of RM5.88 million.

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Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2014

3. Commentary on prospect

The Board of Directors is pleased with the performance achieved in the current quarter, which was mainly attributed to the Group's adoption of right measures and aggressive marketing strategies.

The Board considers the Group's outlook for the year to be satisfactorily, despite the softening business conditions and challenging environment.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	30/9/14 RM'000	30/9/13 RM'000	30/9/14 RM'000	30/9/13 RM'000
- Current tax expense	856	1,685	1,747	3,771
- Deferred tax expense	(346)	(218)	341	(173)
Total	510	1,467	2,088	3,598

The group's effective tax rate for the period ended 30 September 2014 is 18.7%.

6. Status of corporate proposals

There were no corporate proposals during the current quarter.

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	30/9/14 RM'000	Foreign Currency '000	31/12/13 RM'000
Bank Overdrafts				
Secured		895		408
Unsecured		2,475		880
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		30,291		34,068
Unsecured – denominated in foreign currency	SGD3,445	8,863	SGD1,220	3,171
Revolving Credit				
Denominated in Ringgit Malaysia		1,250		1,250
Denominated in foreign currency	SGD2,200	5,659	SGD2,200	5,716
Total		49,433		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	30/9/14 RM'000	Foreign Currency '000	31/12/13 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		809		798
Secured – Denominated in foreign currency	SGD159	410	SGD142	370
Total		<u>1,219</u>		<u>1,168</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		10,644		14,108
Secured – Denominated in foreign currency	SGD4,138	17,361	SGD3,164	8,221
Total		<u>28,005</u>		<u>22,329</u>
Grand Total		<u>29,224</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	29,224	1,219	1,222	3,829	22,954
Total	<u>29,224</u>	<u>1,219</u>	<u>1,222</u>	<u>3,829</u>	<u>22,954</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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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:-

	30/9/14 RM'000	31/12/13 RM'000
Hire Purchase Creditors	2,403	2,014
Less: Interest in suspense	197	146
Balance	<u>2,206</u>	<u>1,868</u>
Repayable within one year	963	837
Repayable one to five years	1,243	1,031
Balance	<u>2,206</u>	<u>1,868</u>

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

An interim tax exempt dividend of 10 cents per share in respect of the financial year ending 31 December 2014 was announced on 26 September 2014 and paid on 29 October 2014 to the shareholders whose names appear in the Record of Depositors on the entitlement date of 16 October 2014.

9. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 30.9.14	Preceding year corresponding quarter 30.9.14	Nine Months to 30.9.14	Nine Months to 30.9.13
Net profit attributable to ordinary equity holders of the parent (RM'000)	<u>2,938</u>	<u>4,832</u>	<u>9,095</u>	<u>13,067</u>
Weighted average number of ordinary shares ('000)	<u>40,059</u>	<u>40,059</u>	<u>40,059</u>	<u>40,059</u>
Basic earning per share (sen)	<u>7.33</u>	<u>12.06</u>	<u>22.70</u>	<u>32.62</u>

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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10. Disclosure of realised and unrealised retained profits

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

	As at 30.9.14 (RM'000)	As at 31.12.13 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	69,992	60,879
- Unrealised	579	904
Consolidation adjustments	1,155	860
Total Group retained profits as per consolidated accounts	71,726	62,643

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

	Individual Period		Cumulative Period	
	30.9.14	30.9.13	Nine Months to 30.9.14	Nine Months to 30.9.13
	RM '000	RM '000	RM '000	RM '000
Depreciation & Amortisation	1,047	898	3,017	2,494
Net (gain) on disposal of property, plant and equipment	(12)	(1,485)	(149)	(3,922)
Foreign exchange (gain)	(330)	(297)	(333)	(474)