

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 2015

Condensed Consolidated Statement of Comprehensive Income

For the nine months period ended 30 September 2015 - Unaudited

	Individual Period		Cumulative Period	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	86,208	82,159	247,615	239,982
Cost of sales	(57,428)	(56,536)	(168,114)	(164,172)
Gross profit	28,780	25,623	79,501	75,810
Other operating income	(452)	695	1,016	2,435
Interest income	73	95	230	212
Operating expenses	(24,711)	(22,204)	(71,772)	(65,148)
Finance cost	(998)	(760)	(2,751)	(2,126)
Profit before tax	2,692	3,449	6,224	11,183
Tax expense	(629)	(510)	(1,398)	(2,088)
Net profit for the period	2,063	2,939	4,826	9,095
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	5,179	211	7,365	(269)
Total comprehensive income	7,242	3,150	12,191	8,826
Profit attributable to:				
Equity holders of the parent	2,063	2,939	4,826	9,095
Non-controlling interest	0	0	0	0
	2,063	2,939	4,826	9,095
Basic earning per share attributable to equity holders of the parent (sen)	5.15	7.34	12.05	22.70

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

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

Condensed Consolidated Statement of Financial Position
As at 30 September 2015 - Unaudited

	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	62,666	58,622
Prepaid lease payments	1,950	2,099
Investment property	2,874	2,966
Intangible assets	3,993	3,989
Deferred Tax Assets	4,129	3,636
	<u>75,612</u>	<u>71,312</u>
<i>Current assets</i>		
Other Investment	1,396	1,804
Trade and other receivables	80,952	74,139
Inventories	73,668	63,677
Current tax assets	1,863	1,978
Cash and cash equivalents	36,196	39,674
	<u>194,075</u>	<u>181,272</u>
TOTAL ASSETS	<u>269,687</u>	<u>252,584</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	9,702	2,337
Reserves	75,613	70,787
Total equity attributable to owner of the Company	<u>125,374</u>	<u>113,183</u>
Total equity	<u>125,374</u>	<u>113,183</u>
<i>Non Current liabilities</i>		
Borrowings	29,984	28,953
Deferred tax liabilities	1,929	1,911
	<u>31,913</u>	<u>30,864</u>
<i>Current liabilities</i>		
Trade and other payables	52,622	55,748
Loans and borrowings	58,858	51,952
Current tax liabilities	920	837
	<u>112,400</u>	<u>108,537</u>
Total liabilities	<u>144,313</u>	<u>139,401</u>
TOTAL EQUITY AND LIABILITIES	<u>269,687</u>	<u>252,584</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.13</u>	<u>2.83</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

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

Condensed Consolidated Statement of Changes in Equity
For the nine months ended 30 September 2015 - 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 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
At 30 September 2014	<u>40,059</u>	<u>1,038</u>	<u>71,727</u>	<u>112,824</u>
<u>9 months ended 30 September 2015</u>				
At 1 January 2015	40,059	2,337	70,787	113,183
Total comprehensive income for the period	0	7,365	4,826	12,191
At 30 September 2015	<u>40,059</u>	<u>9,702</u>	<u>75,613</u>	<u>125,374</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

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

Condensed Consolidated Statement of Cash Flows
For the nine months period ended 30 September 2015 - Unaudited

	30 September 2015 RM'000	30 September 2014 RM'000
Profit before taxation	6,224	11,183
Adjustment for :		
Depreciation & amortisation	3,646	3,017
Finance cost	2,751	2,126
Interest income	(230)	(212)
Net gain on disposal of property, plant and equipment	2	(149)
Change in fair value of financial assets	(104)	11
Operating profit before changes in working capital	12,289	15,976
Changes in working capital :		
Inventories	(9,990)	49
Trade and other receivables	(6,813)	(973)
Payables and accruals	(3,126)	(6,619)
Cash (used in) / generated from operations	(7,640)	8,433
Tax refunded	1,231	63
Tax paid	(2,644)	(4,184)
Net cash (used in) / generated from operating activities	(9,053)	4,312
Cash flows from investing activities		
Interest income	230	212
Acquisition of property, plant and equipment	(2,988)	(3,398)
Acquisition of intangible assets	(22)	(23)
Withdrawal of fixed deposits	513	0
Proceeds from disposal of :		
- property, plant and equipment	49	246
Net cash used in investing activities	(2,218)	(2,963)
Cash flows from financing activities		
Finance cost	(2,751)	(2,126)
Drawdown of bank borrowings	3,378	991
Repayment of hire purchase liabilities	(853)	(887)
Net cash used in financing activities	(226)	(2,022)
Net decrease in cash and cash equivalents	(11,497)	(673)
Cash and cash equivalents at beginning of financial period	38,586	36,162
Effect of exchange rate changes	5,593	(373)
Cash and cash equivalents at end of financial period	32,682	35,116
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 30 September 2015 RM'000	As at 30 September 2014 RM'000
Cash and bank balances	36,196	38,486
Bank overdrafts	(3,514)	(3,370)
	32,682	35,116

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2015

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 2014.

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 2014.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 30 September 2015 are consistent with those adopted in audited financial statements for the year ended 31 December 2014.

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 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)
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 annual periods beginning on or after 1 January 2016

Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 cycle)
Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128, Investment in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

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2. Significant Accounting Policies (continued)

Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosures of Interest in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
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3. Audit qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2014 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.

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Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2015

8. Dividend paid

There were no dividends paid in the current quarter.

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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover										
External										
Local	-	-	115,168	113,060	10,124	9,387			125,292	122,447
Overseas	-	-	116,010	111,719	6,313	5,816			122,323	117,535
Internal	8,840	12,693	6,248	6,713	42,381	45,505	(57,469)	(64,911)	-	-
Total revenue	8,840	12,693	237,426	231,492	58,818	60,708	(57,469)	(64,911)	247,615	239,982
Segment results	2,700	5,568	7,870	12,028	4,107	5,336	(5,932)	(9,835)	8,745	13,097
Finance cost									(2,751)	(2,126)
Interest income									230	212
Profit before tax									6,224	11,183
Tax expense									(1,398)	(2,088)
Net profit									4,826	9,095

Year 2015 refers to 9 months period ended 30.9.2015 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 30.9.2015, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM170.69 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM14.53 million.

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14. Capital and other commitments

	RM'000
Land and building	
Contracted but not provided for	1,243

15. 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:

	30/9/15 RM'000	30/9/14 RM'000
Directors of the Company	1,611	1,757
Other key management personnel	6,279	5,244

16. Related party transactions

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

	Transaction value 6 months ended		Balance as at	
	30/9/15 RM'000	30/9/14 RM'000	30/9/15 RM'000	30/9/14 RM'000
<i>Sales to :-</i>				
HSL E & E Corp (M) Sdn Bhd	-	-	14	14

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 RM86.21 million for the current quarter under review representing an increase of 4.9% over revenue of RM82.16 million of previous corresponding quarter.

The Group recorded profit before tax of RM2.69 million for the current quarter under review representing a decrease of 22.0% over profit before tax of RM3.45 million of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM247.62 million for the current period under review representing an increase of 3.2% over revenue of RM239.98 million of previous corresponding period.

The Group recorded profit before tax of RM6.22 million for the current period under review representing a substantial decrease of 44.4% over profit before tax of RM11.18 million of previous corresponding period.

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

1) Investment Holdings Division

Included in the current period profit before tax is a one-off gain on controlled transferred property, plant and equipment to one of its subsidiary.

2) Trading and Service Division

The revenue in Trading and Service Division recorded an increase of 2.56% as compared to previous corresponding period. However, the division's results decreased substantially by 43.66% as compared to last corresponding period. This is mainly attributed to the increase in operating cost, adverse fluctuation in exchange rate and provision for doubtful debts resulting from the litigation case as described under *Item 8 : Material Litigation*.

3) Manufacturing Division

The revenue in Manufacturing Division has decrease slightly by 3.11% as compared to previous corresponding period which is mainly due to lower demand from inter-companies.

The division's result has decreased by 26.4% which is mainly attributable to adverse fluctuation in exchange rate as well as the decrease in revenue.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM86.21 million for the current quarter under review, representing a decrease of 1.2% as compared to RM87.28 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM2.69 million, representing a significant decrease of 35.49% as compared to the preceding quarter of RM4.17 million.

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3. Commentary on prospect

The Board of Directors noted the performance achieved in the financial quarter despite of the softening business conditions and competitive environment.

The Board considers the Group's outlook for the year to remain challenging.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	30/9/15 RM'000	30/9/14 RM'000	30/9/15 RM'000	30/9/14 RM'000
- Current tax expense	1,739	856	1,821	1,747
- Deferred tax expense	(1,110)	(346)	(423)	341
Total	629	510	1,398	2,088

The group's effective tax rate for the period ended 30 September 2015 is 22.5%.

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	30/9/15 RM'000	Foreign Currency '000	31/12/14 RM'000
Bank Overdrafts				
Secured		395		772
Unsecured		3,119		304
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		36,732		31,049
Unsecured – denominated in foreign currency	SGD2,283	7,115	SGD3,866	10,237
Revolving Credit				
Denominated in Ringgit Malaysia		2,050		1,250
Denominated in foreign currency	SGD2,200	6,857	SGD2,200	5,825
Total		56,268		49,437

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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% to 8.10% (2014 – 7.28% to 8.10%) per annum. The banker acceptances bear interest at rates ranging from 1.63% to 5.75% (2014 – 1.63% 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	30/9/15 RM'000	Foreign Currency '000	31/12/14 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,073		1,000
Secured – Denominated in foreign currency	SGD194	606	SGD193	512
Total		<u>1,679</u>		<u>1,512</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		16,305		16,956
Secured – Denominated in foreign currency	SGD3,910	12,188	SGD4,055	10,737
Total		<u>28,493</u>		<u>27,693</u>
Grand Total		<u>30,172</u>		<u>29,205</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	30,172	1,679	1,737	4,969	21,787
Total	<u>30,172</u>	<u>1,679</u>	<u>1,737</u>	<u>4,969</u>	<u>21,787</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 1.88% to 8.10% (2014 – 1.88% to 8.10%) per annum.

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Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2015

7. Borrowings and debt securities (Continued)

c) Finance lease liabilities

Details of the Group's finance lease liabilities as at the end of this reporting period:-

	30/9/15 RM'000	31/12/14 RM'000
Hire Purchase Creditors	2,645	2,459
Less: Interest in suspense	243	196
Balance	<u>2,402</u>	<u>2,263</u>
Repayable within one year	910	1,003
Repayable one to five years	1,492	1,260
Balance	<u>2,402</u>	<u>2,263</u>

The finance lease liabilities bear interest at rates ranging from 2.38% to 6.56% (2014 – 2.38% to 6.56%) per annum.

8. Material Litigation

Khind Electrical (Malaysia) Sdn Bhd ("KEMSB"), a wholly owned subsidiary of the Company had on 13 July 2015, through its solicitors, filed a winding-up petition against Maha Tenaga Jaya Technology Sdn Bhd ("MTJTSB") at the High Court of Malaya at Kuala Lumpur as MTJTSB has failed to settle a sum of RM2,036,653.78 to KEMSB being the outstanding amount due and owing for the goods sold and delivered to MTJTSB. The matter has been fixed for case management on 27 August 2015.

The hearing of the Petition was held on 8 October 2015 and the Winding-up Order was granted. The Notice of Winding-up Order was advertised in the newspaper on 22 October 2015 and the Government Gazette on 5 November 2015.

9. Dividend

An interim tax exempt dividend of 7 sen per share in respect of the financial year ending 31 December 2015 was announced on 25 September 2015 and paid on 26 October 2015 to the shareholders whose names appear in the Record of Depositors on the entitlement date of 13 October 2015.

10. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 30.9.15	Preceding year corresponding quarter 30.9.14	Nine Months to 30.9.15	Nine Months to 30.9.14
Net profit attributable to ordinary equity holders of the parent (RM'000)	<u>2,063</u>	<u>2,939</u>	<u>4,826</u>	<u>9,095</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>5.15</u>	<u>7.34</u>	<u>12.05</u>	<u>22.70</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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11. Disclosure of realised and unrealised retained profits

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

	As at 30.9.15 (RM'000)	As at 31.12.14 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	76,117	68,789
- Unrealised	1,471	1,219
Consolidation adjustments	(1,977)	779
Total Group retained profits as per consolidated accounts	75,611	70,787

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

	Individual Period		Cumulative Period	
	30.9.15	30.9.14	Nine Months to 30.9.15	Nine Months to 30.9.14
	RM '000	RM '000	RM '000	RM '000
Depreciation & Amortisation	1,297	1,047	3,646	3,017
Net loss / (gain) on disposal of property, plant and equipment	7	(12)	2	(149)
Foreign exchange loss / (gain)	695	(330)	1,145	(333)