

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 2016

Condensed Consolidated Statement of Comprehensive Income

For the three months period ended 31 March 2016 - Unaudited

	Individual Period		Cumulative Period	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	83,977	74,129	83,977	74,129
Cost of sales	(58,067)	(52,485)	(58,067)	(52,485)
Gross profit	25,910	21,644	25,910	21,644
Other operating income	1,463	966	1,463	966
Interest income	72	92	72	92
Operating expenses	(25,035)	(22,538)	(25,035)	(22,538)
Finance cost	(857)	(804)	(857)	(804)
Profit / (loss) before tax	1,553	(640)	1,553	(640)
Tax expense	(147)	138	(147)	138
Net profit / (loss) for the period	1,406	(502)	1,406	(502)
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	(2,253)	1,060	(2,253)	1,060
Total comprehensive income	(847)	558	(847)	558
Profit attributable to:				
Equity holders of the parent	1,406	(502)	1,406	(502)
Non-controlling interest	0	0	0	0
	1,406	(502)	1,406	(502)
Basic earning per share attributable to equity holders of the parent (sen)	3.51	-1.25	3.51	-1.25

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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

Condensed Consolidated Statement of Financial Position
As at 31 March 2016 - Unaudited

	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	56,378	58,034
Prepaid lease payments	1,851	1,901
Investment property	2,889	2,905
Intangible assets	4,065	3,998
Deferred Tax Assets	3,150	3,344
	<u>68,333</u>	<u>70,182</u>
<i>Current assets</i>		
Other Investment	1,312	1,477
Trade and other receivables	68,039	70,257
Inventories	67,445	75,816
Current tax assets	637	1,672
Cash and cash equivalents	36,362	37,460
	<u>173,795</u>	<u>186,682</u>
TOTAL ASSETS	<u>242,128</u>	<u>256,864</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	5,693	7,946
Reserves	75,569	74,163
Total equity attributable to owner of the Company	<u>121,321</u>	<u>122,168</u>
Total equity	<u>121,321</u>	<u>122,168</u>
<i>Non Current liabilities</i>		
Borrowings	28,747	30,002
Deferred tax liabilities	1,834	1,880
	<u>30,581</u>	<u>31,882</u>
<i>Current liabilities</i>		
Trade and other payables	48,295	52,942
Loans and borrowings	41,430	49,062
Current tax liabilities	501	810
	<u>90,226</u>	<u>102,814</u>
Total liabilities	<u>120,807</u>	<u>134,696</u>
TOTAL EQUITY AND LIABILITIES	<u>242,128</u>	<u>256,864</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.03</u>	<u>3.05</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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

Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2016 - 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 2015</u>				
At 1 January 2015	40,059	2,337	70,787	113,183
Total comprehensive income for the period	0	1,060	(502)	558
Dividends to shareholders	0	0	0	0
At 31 March 2015	40,059	3,397	70,285	113,741
<u>3 months ended 31 March 2016</u>				
At 1 January 2016	40,059	7,946	74,163	122,168
Total comprehensive income for the period	0	(2,253)	1,406	(847)
Dividends to shareholders	0	0	0	0
At 31 March 2016	40,059	5,693	75,569	121,321

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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

Condensed Consolidated Statement of Cash Flows
For the three months period ended 31 March 2016 - Unaudited

	31 March 2016 RM'000	31 March 2015 RM'000
Profit before taxation	1,553	(640)
Adjustment for :		
Depreciation & amortisation	1,226	1,112
Finance cost	857	804
Interest income	(72)	(92)
Net gain on disposal of property, plant and equipment	0	(7)
Change in fair value of financial assets	165	(77)
Operating profit before changes in working capital	3,729	1,100
Changes in working capital :		
Inventories	8,372	6,618
Trade and other receivables	2,218	9,500
Payables and accruals	(4,646)	(11,251)
Cash (used in) / generated from operations	9,673	5,967
Tax refunded	1,595	13
Tax paid	(724)	(1,012)
Net cash generated from operating activities	10,544	4,968
Cash flows from investing activities		
Interest income	72	92
Acquisition of property, plant and equipment	(419)	(730)
Acquisition of intangible assets	(74)	(3)
Proceeds from disposal of :		
- property, plant and equipment	0	27
Net cash used in investing activities	(421)	(614)
Cash flows from financing activities		
Finance cost	(857)	(804)
Repayment of bank borrowings	(8,420)	(8,545)
Repayment of hire purchase liabilities	(249)	(280)
Net cash used in financing activities	(9,526)	(9,629)
Net increase/(decrease) in cash and cash equivalents	597	(5,275)
Cash and cash equivalents at beginning of financial period	35,058	39,099
Effect of exchange rate changes	(2,040)	507
Cash and cash equivalents at end of financial period	33,615	34,331

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

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000
Cash and bank balances	36,362	35,290
Bank overdrafts	(2,747)	(959)
	33,615	34,331

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2016

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 2015.

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 2015.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 31 March 2016 are consistent with those adopted in audited financial statements for the year ended 31 December 2015.

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 2016

MFRS 14	Regulatory Deferral Accounts
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, MFRS 12, Disclosure of Interests 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
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)

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

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2. Significant Accounting Policies (continued)

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

Amendments to MFRS 10

Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Audit qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2015 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.

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

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9. Segment reporting (continued)

	Investment holding		Trading & service		Manufacturing		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover										
External										
Local	-	-	39,170	34,746	1,734	2,569			40,904	37,315
Overseas	-	-	40,299	33,644	2,774	3,170			43,073	36,814
Internal	1,937	1,876	1,310	1,466	11,283	8,133	(14,530)	(11,475)	-	-
Total revenue	1,937	1,876	80,779	69,856	15,791	13,872	(14,530)	(11,475)	83,977	74,129
Segment results	(860)	1,958	2,973	1,284	356	(172)	(131)	(2,998)	2,338	72
Finance cost									(857)	(804)
Interest income									72	92
Profit before tax									1,553	(640)
Tax expense									(147)	138
Net profit									1,406	(502)

Year 2016 refers to 3 months period ended 31.3.2016 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 31.3.2016, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM163.87 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM15.15 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:

	31/3/16 RM'000	31/3/15 RM'000
Directors of the Company	616	853
Other key management personnel	2,313	3,519

15. Related party transactions

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

	Transaction value 3 months ended		Balance as at	
	31/03/16 RM'000	31/03/15 RM'000	31/03/16 RM'000	31/03/15 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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Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2016

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 RM83.98 million for the current quarter under review representing an increase of 13.3% over revenue of RM74.13 million of previous corresponding quarter.

The Group recorded profit before tax of RM1.55 million for the current quarter under review representing an increase of 342.2% over loss before tax of RM0.64 million of previous corresponding quarter.

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

1) Investment Holdings Division

Included in the previous corresponding quarter 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 15.6% as compared to previous corresponding quarter. The division's results also increased by 131.5% as compared to last corresponding quarter. This is mainly attributed by better sales demand in both local and overseas region and prudent cost management.

3) Manufacturing Division

The revenue in Manufacturing Division has increased by 13.8% as compared to previous corresponding quarter which is mainly due to higher sales from inter-companies.

The division's result has increased by 307.3% which is attributable to cost management initiatives resulted in lower operating costs and lower foreign exchange losses.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM83.98 million for the current quarter under review, representing a decrease of 6.8% as compared to RM90.15 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM1.55 million, representing a decrease of 47.3% as compared to the preceding quarter of RM2.94 million.

3. Commentary on prospect

Despite the challenging business condition, the Board of Directors is pleased with the good performance achieved in the current quarter, which was mainly attributed to the increase in sales and corrective measure on cost control. The increase in sales was mainly driven by the increase demand of air-cooling devices like air-coolers and fans during the unusual hot weather.

The Board expects the Group's outlook for the year to remain challenging but is confident that the Group will continue to perform well in the coming quarter.

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4. Financial forecast

Not applicable as no financial forecast was published.

5. Tax expense

	Individual period		Cumulative period	
	31/3/16 RM'000	31/3/15 RM'000	31/3/16 RM'000	31/3/15 RM'000
- Current tax expense	14	(148)	14	(148)
- Deferred tax expense	133	10	133	10
Total	147	(138)	147	(138)

The group's effective tax rate for the period ended 31 March 2016 is 9.5%.

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	31/3/16 RM'000	Foreign Currency '000	31/12/15 RM'000
Bank Overdrafts				
Secured		395		389
Unsecured		2,352		2,012
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		24,304		28,728
Unsecured – denominated in foreign currency	SGD1,168	3,388	SGD2,182	6,626
Revolving Credit				
Denominated in Ringgit Malaysia		2,050		2,050
Denominated in foreign currency	SGD2,200	6,381	SGD2,200	6,680
Total		38,870		46,485

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 7.60% to 8.85% (2015 – 7.28% to 8.10%) per annum. The banker acceptances bear interest at rates ranging from 4.31% to 6.50% (2015 – 1.63% to 5.75%) per annum.

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7. Borrowings and debt securities (Continued)

(b) Term Loans

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

	Foreign Currency '000	31/3/16 RM'000	Foreign Currency '000	31/12/15 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,215		1,189
Secured – Denominated in foreign currency	SGD196	568	SGD181	549
Total		<u>1,783</u>		<u>1,738</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		16,434		16,779
Secured – Denominated in foreign currency	SGD3,812	11,056	SGD3,876	11,768
Total		<u>27,490</u>		<u>28,547</u>
Grand Total		<u>29,273</u>		<u>30,285</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	29,273	1,783	1,847	5,241	20,402
Total	<u>29,273</u>	<u>1,783</u>	<u>1,847</u>	<u>5,241</u>	<u>20,402</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% (2015 – 1.88% to 8.10%) per annum.

c) Finance lease liabilities

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

	31/3/16 RM'000	31/12/15 RM'000
Hire Purchase Creditors	2,232	2,527
Less: Interest in suspense	197	232
Balance	<u>2,035</u>	<u>2,295</u>
Repayable within one year	777	840
Repayable one to five years	1,258	1,455
Balance	<u>2,035</u>	<u>2,295</u>

The finance lease liabilities bear interest at rates ranging from 2.38% to 6.56% (2015 – 2.38% to 6.56%) per annum.

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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. On 27 August 2015, the Registrar's Certificate certifying that all requirements of Rule 32(1) of the Companies (Winding-up) Rules 1972 has been granted.

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.

The Writ of Summons and Statement of Claims against guarantors have been filed on 29 March 2016. The first case management was held on 13 April 2016 with Court direction to monitor the status of defendants' appearance. The first and second defendants have filed their Memorandum of Appearance on 26 April 2016 while the fourth defendant filed his Memorandum of Appearance on 28 April 2016.

The second case management was held on 28 April 2016 and further directed to file Summary Judgement. The third case management has been fixed on 2 June 2016.

9. Dividend

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

10. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 31.3.16	Preceding year corresponding quarter 31.3.15	Twelve Months to 31.3.16	Twelve Months to 31.3.15
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,406	(502)	1,406	(502)
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	3.51	(1.25)	3.51	(1.25)

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 31.3.16 (RM'000)	As at 31.12.15 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	73,879	70,002
- Unrealised	1,977	1,851
Consolidation adjustments	(287)	2,310
Total Group retained profits as per consolidated accounts	75,569	74,163

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

	Individual Period		Cumulative Period	
	31.3.16	31.3.15	Three Months to	Three Months to
	RM '000	RM '000	31.3.16	31.3.15
	RM '000	RM '000	RM '000	RM '000
Depreciation & Amortisation	1,226	1,112	1,226	1,112
Net loss / (gain) on disposal of property, plant and equipment	-	(7)	-	(7)
Foreign exchange loss	180	624	180	624