

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 2016

Condensed Consolidated Statement of Comprehensive Income

For the nine months period ended 30 September 2016 - Unaudited

	Individual Period		Cumulative Period	
	30 September		30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	84,213	86,208	272,765	247,615
Cost of sales	(56,968)	(57,428)	(184,611)	(168,114)
Gross profit	27,245	28,780	88,154	79,501
Other operating income	946	(452)	4,067	1,016
Interest income	87	73	223	230
Operating expenses	(25,508)	(24,711)	(79,089)	(71,772)
Finance cost	(991)	(998)	(2,888)	(2,751)
Profit before tax	1,779	2,692	10,467	6,224
Tax expense	(15)	(629)	(1,882)	(1,398)
Net profit for the period	1,764	2,063	8,585	4,826
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	872	5,179	(316)	7,365
Total comprehensive income	2,636	7,242	8,269	12,191
Profit attributable to:				
Equity holders of the parent	1,764	2,063	8,585	4,826
Non-controlling interest	0	0	0	0
	1,764	2,063	8,585	4,826
Basic earning per share attributable to equity holders of the parent (sen)	4.40	5.15	21.43	12.05

(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 30 September 2016 - Unaudited

	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	59,573	58,034
Prepaid lease payments	1,888	1,901
Investment property	2,858	2,905
Intangible assets	4,085	3,998
Deferred Tax Assets	3,437	3,344
	<u>71,841</u>	<u>70,182</u>
<i>Current assets</i>		
Other Investment	1,997	1,477
Trade and other receivables	71,266	70,257
Inventories	89,319	75,816
Current tax assets	316	1,672
Cash and cash equivalents	43,728	37,460
	<u>206,626</u>	<u>186,682</u>
TOTAL ASSETS	<u>278,467</u>	<u>256,864</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	7,630	7,946
Reserves	82,748	74,163
Total equity attributable to owner of the Company	<u>130,437</u>	<u>122,168</u>
Total equity	<u>130,437</u>	<u>122,168</u>
<i>Non Current liabilities</i>		
Borrowings	32,954	30,002
Deferred tax liabilities	1,612	1,880
	<u>34,566</u>	<u>31,882</u>
<i>Current liabilities</i>		
Trade and other payables	53,957	52,942
Loans and borrowings	58,713	49,062
Current tax liabilities	794	810
	<u>113,464</u>	<u>102,814</u>
Total liabilities	<u>148,030</u>	<u>134,696</u>
TOTAL EQUITY AND LIABILITIES	<u>278,467</u>	<u>256,864</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.26</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 nine months ended 30 September 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>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	40,059	9,702	75,613	125,374
<u>9 months ended 30 September 2016</u>				
At 1 January 2016	40,059	7,946	74,163	122,168
Total comprehensive income for the period	0	(316)	8,585	8,269
At 30 September 2016	40,059	7,630	82,748	130,437

(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 nine months period ended 30 September 2016 - Unaudited

	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	10,467	6,224
Adjustment for :		
Depreciation & amortisation	3,819	3,646
Finance cost	2,888	2,751
Interest income	(223)	(230)
Net gain / (loss) on disposal of property, plant and equipment	(18)	2
Change in fair value of financial assets	(20)	(104)
Operating profit before changes in working capital	16,913	12,289
Changes in working capital :		
Inventories	(13,504)	(9,990)
Trade and other receivables	(1,009)	(6,813)
Payables and accruals	1,015	(3,126)
Cash generated from/ (used in) operations	3,415	(7,640)
Tax refunded	1,645	1,231
Tax paid	(2,411)	(2,644)
Net cash generated from / (used in) operating activities	2,649	(9,053)
Cash flows from investing activities		
Interest income	223	230
Acquisition of property, plant and equipment	(5,264)	(2,988)
Acquisition of intangible assets	(112)	(22)
(Placement) / Withdrawn of fixed deposits	(500)	513
Proceeds from disposal of :		
- property, plant and equipment	18	49
Net cash used in investing activities	(5,635)	(2,218)
Cash flows from financing activities		
Finance cost	(2,888)	(2,751)
Drawdown of bank borrowings	11,516	3,378
Repayment of hire purchase liabilities	(675)	(853)
Net cash generated from / (used in) financing activities	7,953	(226)
Net increase / (decrease) in cash and cash equivalents	4,967	(11,497)
Cash and cash equivalents at beginning of financial period	35,058	38,586
Effect of exchange rate changes	(137)	5,593
Cash and cash equivalents at end of financial period	39,888	32,682

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

	As at 30 September 2016 RM'000	As at 30 September 2015 RM'000
Cash and bank balances	43,728	36,196
Bank overdrafts	(3,840)	(3,514)
	39,888	32,682

(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 third financial quarter ended 30 September 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 30 September 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 2017

Amendments to MFRS 107	Statements of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

Amendments to MFRS 2	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers

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

MFRS 16	Leases
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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
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KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2016

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.

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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	
	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	-	-	124,843	115,168	10,232	10,124			135,074	125,292
Overseas	-	-	130,358	116,010	7,333	6,313			137,691	122,323
Internal	11,930	8,840	5,178	6,248	49,209	42,381	(66,317)	(57,469)	-	-
Total revenue	11,930	8,840	260,379	237,426	66,774	58,818	(66,317)	(57,469)	272,765	247,615
Segment results	3,920	2,700	12,696	7,870	4,716	4,107	(8,200)	(5,932)	13,132	8,745
Finance cost									(2,888)	(2,751)
Interest income									223	230
Profit before tax									10,467	6,224
Tax expense									(1,882)	(1,398)
Net profit									8,585	4,826

Year 2016 refers to 9 months period ended 30.9.2016 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 30.9.2016, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM166.43 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM14.63 million.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2016

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:

	30/9/16 RM'000	30/9/15 RM'000
Directors of the Company	1,378	1,611
Other key management personnel	5,175	6,279

15. Related party transactions

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

	Transaction value 9 months ended		Balance as at	
	30/09/16 RM'000	30/09/15 RM'000	30/09/16 RM'000	30/09/15 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.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 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 RM84.21 million for the current quarter under review representing a decrease of 2.3% over revenue of RM86.21 million of previous corresponding quarter.

The Group recorded profit before tax of RM1.78 million for the current quarter under review representing a decrease of 33.9% over profit before tax of RM2.69 million of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM272.77 million for the current period under review representing an increase of 10.2% over revenue of RM247.62 million of previous corresponding period.

The Group recorded profit before tax of RM10.47 million for the current period under review representing an increase of 68.3% over profit before tax of RM6.22 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 previous corresponding 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 9.7% as compared to previous corresponding period. The revenue growth resulted from higher sales demand in both local and overseas region.

The division achieved significant improvement in profitability, recorded an increase of 61.3% as compared to last corresponding period. This was mainly driven by the improved gross profit margin contribution.

3) Manufacturing Division

The revenue in Manufacturing Division has increased by 13.5% as compared to previous corresponding period which is mainly due to higher sales from inter-companies.

The division's result has increased by 14.8% which is attributable to cost management initiatives resulted in lower operating cost.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM84.21 million for the current quarter under review, representing a decrease of 19.5% as compared to RM104.58 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM1.78 million, representing an increase of 75.1% as compared to the preceding quarter of RM7.14 million.

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3. Commentary on prospect

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

The Board expects 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>	
	30/9/16 RM'000	30/9/15 RM'000	30/9/16 RM'000	30/9/15 RM'000
- Current tax expense	603	1,739	2,259	1,821
- Deferred tax expense	(588)	(1,110)	(377)	(423)
Total	15	629	1,882	1,398

The group's effective tax rate for the period ended 30 September 2016 is 18.0%.

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	30/9/16 RM'000	Foreign Currency '000	31/12/15 RM'000
Bank Overdrafts				
Secured		369		389
Unsecured		3,471		2,012
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		40,748		28,728
Unsecured – denominated in foreign currency	SGD718	2,181	SGD2,182	6,626
Revolving Credit				
Denominated in Ringgit Malaysia		3,483		2,050
Denominated in foreign currency	SGD1,900	5,768	SGD2,200	6,680
Total		56,020		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 7.22% to 8.35% (2015 – 7.60% to 8.85%) per annum. The banker acceptances bear interest at rates ranging from 3.93% to 4.85% (2015 – 4.31% to 6.50%) 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	30/9/16 RM'000	Foreign Currency '000	31/12/15 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,399		1,189
Secured – Denominated in foreign currency	SGD195	592	SGD181	549
Total		<u>1,991</u>		<u>1,738</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		20,422		16,779
Secured – Denominated in foreign currency	SGD3,718	11,287	SGD3,876	11,768
Total		<u>31,709</u>		<u>28,547</u>
Grand Total		<u>33,700</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	33,700	1,991	2,354	6,190	23,165
Total	<u>33,700</u>	<u>1,991</u>	<u>2,354</u>	<u>6,190</u>	<u>23,165</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 8.20% (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:-

	30/9/16 RM'000	31/12/15 RM'000
Hire Purchase Creditors	2,131	2,527
Less: Interest in suspense	184	232
Balance	<u>1,947</u>	<u>2,295</u>
Repayable within one year	702	840
Repayable one to five years	1,245	1,455
Balance	<u>1,947</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.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2016

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 Orders 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 was held on 2 June 2016 and KEMSB and MTJTSB had filed the Summary Judgement on the same day.

The hearing of the Summary Judgement was held on 27 July 2016. The judge fixed the decision on 19 August 2016 whereby the KEMSB's application was dismissed with costs in the cause.

Case management has been fixed on 21 September 2016 to take directions for trial.

The Court during the Case management on 21 September 2016 has fixed the full trial dates from 3 April 2017 to 6 April 2017 and fixed the next Case management on 25 October 2016. During this case management, the Court has directed any interlocutory application by any party (if there is any) to be filed by 24 November 2016 and has fixed the next Case management on 28 November 2016.

9. Dividend

An interim tax exempt dividend of 10 sen per share in respect of the financial year ending 31 December 2016 was announced on 6 September 2016 and paid on 7 October 2016 to the shareholders whose names appear in the Record of Depositors on the entitlement date of 26 September 2016.

10. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 30.9.16	Preceding year corresponding quarter 30.9.15	Nine Months to 30.9.16	Nine Months to 30.9.15
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,764	2,063	8,585	4,826
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	4.40	5.15	21.43	12.05

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.

KHIND HOLDINGS BERHAD

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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 30.9.16 (RM'000)	As at 31.12.15 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	82,156	70,002
- Unrealised	2,754	1,851
Consolidation adjustments	(2,162)	2,310
Total Group retained profits as per consolidated accounts	82,748	74,163

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

	Individual Period		Cumulative Period	
	30.9.16	30.9.15	Nine Months to 30.9.16	Nine Months to 30.9.15
	RM '000	RM '000	RM '000	RM '000
Depreciation & Amortisation	1,327	1,297	3,819	3,646
Net (gain) / loss on disposal of property, plant and equipment	(18)	7	(18)	2
Foreign exchange loss / (gain)	173	695	(450)	1,145