

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 2017

Condensed Consolidated Statement of Comprehensive Income

For the three months period ended 31 March 2017 - Unaudited

	Individual Period		Cumulative Period	
	31 March		31 March	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	82,215	83,977	82,215	83,977
Cost of sales	(56,043)	(58,067)	(56,043)	(58,067)
Gross profit	26,172	25,910	26,172	25,910
Other operating income	546	1,463	546	1,463
Interest income	56	72	56	72
Operating expenses	(25,994)	(25,035)	(25,994)	(25,035)
Finance cost	(982)	(857)	(982)	(857)
Profit before tax	(202)	1,553	(202)	1,553
Tax expense	(133)	(147)	(133)	(147)
Net profit for the period	(335)	1,406	(335)	1,406
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	525	(2,253)	525	(2,253)
Total comprehensive income for the period	190	(847)	190	(847)
Profit attributable to:				
Equity holders of the parent	(303)	1,406	(303)	1,406
Non-controlling interest	(32)	0	(32)	0
Net profit for the period	(335)	1,406	(335)	1,406
Total comprehensive income attributable to:				
Equity holders of the parent	222	(2,253)	222	(2,253)
Non-controlling interest	(32)	0	(32)	0
Total comprehensive income for the period	190	(2,253)	190	(2,253)
Basic earning per share attributable to equity holders of the parent (sen)	-0.76	3.51	-0.76	3.51

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

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

Condensed Consolidated Statement of Financial Position
As at 31 March 2017 - Unaudited

	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	63,274	60,871
Prepaid lease payments	1,653	1,702
Investment property	2,827	2,843
Intangible assets	3,397	3,398
Deferred Tax Assets	2,700	2,717
	<u>73,851</u>	<u>71,531</u>
<i>Current assets</i>		
Other Investment	1,947	1,997
Trade and other receivables	65,274	71,835
Inventories	82,586	83,547
Current tax assets	1,821	1,190
Cash and cash equivalents	45,386	38,367
	<u>197,014</u>	<u>196,936</u>
TOTAL ASSETS	<u>270,865</u>	<u>268,467</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	9,709	9,184
Reserves	79,640	79,943
Total equity attributable to owner of the Company	<u>129,408</u>	<u>129,186</u>
Non-controlling interests	268	0
Total equity	<u>129,676</u>	<u>129,186</u>
<i>Non Current liabilities</i>		
Borrowings	34,380	34,969
Deferred tax liabilities	1,885	1,848
	<u>36,265</u>	<u>36,817</u>
<i>Current liabilities</i>		
Trade and other payables	51,068	58,352
Loans and borrowings	53,344	43,566
Current tax liabilities	512	546
	<u>104,924</u>	<u>102,464</u>
Total liabilities	<u>141,189</u>	<u>139,281</u>
TOTAL EQUITY AND LIABILITIES	<u>270,865</u>	<u>268,467</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.23</u>	<u>3.22</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

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

Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2017 - Unaudited

	← Attributable to Equity Holders of the Parent →				
	Share Capital RM'000	Non Distributable [▲] Translation Reserve RM'000	Distributable Retained Earnings RM'000	Non-controlling Interest RM'000	Total RM'000
<u>3 months ended 31 March 2016</u>					
At 1 January 2016	40,059	7,946	74,163	0	122,168
Total comprehensive income for the period	0	(2,253)	1,406	0	(847)
At 31 March 2016	40,059	5,693	75,569	0	121,321
<u>3 months ended 31 March 2017</u>					
At 1 January 2017	40,059	9,184	79,943	0	129,186
Total comprehensive income for the period	0	525	(303)	268	490
At 31 March 2017	40,059	9,709	79,640	268	129,676

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

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

Condensed Consolidated Statement of Cash Flows
For the three months period ended 31 March 2017 - Unaudited

	31 March 2017 RM'000	31 March 2016 RM'000
Profit before taxation	(202)	1,553
Adjustment for :		
Depreciation & amortisation	1,314	1,226
Finance cost	982	857
Interest income	(56)	(72)
Net gain on disposal of property, plant and equipment	(14)	0
Net fair value gain on financial assets	(94)	165
Gain on disposal on other investments	(3)	0
Operating profit before changes in working capital	1,927	3,729
Changes in working capital :		
Inventories	960	8,371
Trade and other receivables	6,861	2,218
Payables and accruals	(7,284)	(4,647)
Cash generated from operations	2,464	9,671
Tax refunded	70	1,595
Tax paid	(822)	(723)
Net cash generated from operating activities	1,712	10,543
Cash flows from investing activities		
Interest income	56	72
Acquisition of property, plant and equipment	(3,199)	(419)
Acquisition of intangible assets	(8)	(74)
Proceeds from disposal of :		
- property, plant and equipment	14	0
- other investments	147	0
Net cash used in investing activities	(2,990)	(421)
Cash flows from financing activities		
Finance cost	(982)	(857)
Drawdown / (Repayment) of bank borrowings	10,511	(8,420)
Repayment of hire purchase liabilities	(205)	(249)
Net cash generated from / (used in) financing activities	9,324	(9,526)
Net increase in cash and cash equivalents	8,046	596
Cash and cash equivalents at beginning of financial period	34,717	35,059
Effect of exchange rate changes	428	(2,040)
Cash and cash equivalents at end of financial period	43,191	33,615

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

	As at 31 March 2017 RM'000	As at 31 March 2016 RM'000
Cash and bank balances	45,386	36,362
Bank overdrafts	(2,195)	(2,747)
	43,191	33,615

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2017

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 2016.

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 2016.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 31 March 2017 are consistent with those adopted in audited financial statements for the year ended 31 December 2016.

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
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvement 2014-2016 Cycle)

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
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 1	First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2014-2016 cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 cycle)
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration

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

MFRS 16	Leases
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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 2016 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover										
External										
Local	-	-	31,292	39,170	2,093	1,734	-	-	33,385	40,904
Overseas	-	-	47,897	40,299	933	2,774	-	-	48,830	43,073
Internal	1,847	1,937	1,958	1,310	18,083	11,283	(21,888)	(14,530)	-	-
Total revenue	1,847	1,937	81,147	80,779	21,109	15,791	(21,888)	(14,530)	82,215	83,977
Segment results	(1,010)	(860)	1,130	2,973	461	356	143	(131)	724	2,338
Finance cost									(982)	(857)
Interest income									56	72
Profit before tax									(202)	1,553
Tax expense									(133)	(147)
Net profit									(335)	1,406

Year 2017 refers to 3 months period ended 31.03.2017 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

In relation to the announcement dated 3 February 2017, the Company has completed the incorporation of a 60%-owned subsidiary in Indonesia known as PT Khind Environmental Solutions ("KES") on 2 February 2017. KES has a total issued and fully paid capital of Rp2,500,000,000 (approximately RM827,500) comprising 2,500 shares.

13. Contingent liabilities

As at 31.03.2017, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM171.10 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM34.54 million.

14. 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:

	31/03/17 RM'000	31/03/16 RM'000
Directors of the Company	684	616
Other key management personnel	2,618	2,313

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15. Related party transactions

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

	Transaction value 3 months ended		Balance as at	
	31/03/17	31/03/16	31/03/17	31/03/16
	RM'000	RM'000	RM'000	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 2017

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 RM82.22 million for the current quarter under review representing a decrease of 2.1% over revenue of RM83.98 million of previous corresponding quarter.

The Group recorded loss before tax of RM0.20 million for the current quarter under review representing a decrease of 113.0% over profit before tax of RM1.55 million of previous corresponding quarter.

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

1) Investment Holdings Division

While maintaining the rate of management fees charged, the Investment Holdings Division has incurred higher expenses in providing management services to subsidiaries, therefore resulted a higher losses suffered in this current quarter.

2) Trading and Service Division

The revenue in Trading and Service Division recorded a marginal increase of 0.5% as compared to previous corresponding period. The mere increase was mainly due to higher sales achieved by overseas subsidiaries and better demand between inter-companies. However, the increase has been partially offset by the slowdown in local sales demand.

Despite the improvement in revenue, the division's results decreased substantially by 62.0% as compared to last corresponding period. The significant decline in profit was mainly attributable to the increase in operating cost and decrease in other operating income.

3) Manufacturing Division

The revenue in Manufacturing Division has increased by 33.7% as compared to previous corresponding period which is mainly due to higher sales from inter-companies. However, the division's results has not moved in tandem with the growth of revenue. The increase in profit was partially offset by increased raw material and production cost due to depreciation of RM against USD.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM82.22 million for the current quarter under review, representing a decrease of 1.6% as compared to RM83.53 million in the immediate preceding quarter. Meanwhile, the Group recorded loss before tax of RM0.20 million, representing a significant decrease of 112.5% as compared to the preceding quarter of profit before tax of RM1.62 million.

3. Commentary on prospect

The Board of Directors is of the view that the performance is satisfactory, despite softening business conditions and competitive environment.

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

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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>	
	31/03/17 RM'000	31/03/16 RM'000	31/03/17 RM'000	31/03/16 RM'000
- Current tax expense	81	14	81	14
- Deferred tax expense	52	133	52	133
Total	133	147	133	147

The group's effective tax rate for the period ended 31 March 2017 is 22.8%.

6. Status of corporate proposals

In relation to the announcement dated 3 February 2017, the Company has completed the incorporation of a 60%-owned subsidiary in Indonesia known as PT Khind Environmental Solutions ("KES") on 2 February 2017. KES has a total issued and fully paid capital of Rp2,500,000,000 (approximately RM827,500) comprising 2,500 shares.

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	31/03/17 RM'000	Foreign Currency '000	31/12/16 RM'000
Bank Overdrafts				
Secured		350		198
Unsecured		1,845		3,452
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		32,394		23,847
Unsecured – denominated in foreign currency	SGD616	1,951	SGD845	2,622
Revolving Credit				
Denominated in Ringgit Malaysia		10,037		5,704
Denominated in foreign currency	SGD1,200	3,800	SGD1,600	4,963
Total		50,377		40,786

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 8.22% (2016 – 4.99% to 7.81%) per annum. The banker acceptances bear interest at rates ranging from 4.08% to 4.96% (2016 – 3.93% to 7.95%) 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	31/03/17 RM'000	Foreign Currency '000	31/12/16 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,596		1,414
Secured – Denominated in foreign currency	SGD191	606	SGD191	593
Total		<u>2,202</u>		<u>2,007</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		21,451		22,018
Secured – Denominated in foreign currency	SGD3,623	11,475	SGD3,672	11,388
Total		<u>32,926</u>		<u>33,406</u>
Grand Total		<u>35,128</u>		<u>35,413</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	35,128	2,202	2,102	6,842	23,982
Total	<u>35,128</u>	<u>2,202</u>	<u>2,102</u>	<u>6,842</u>	<u>23,982</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 4.57% to 4.75% (2016 – 3.79% to 5.15%) per annum.

(c) Finance lease liabilities

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

	31/03/17 RM'000	31/12/16 RM'000
Hire Purchase Creditors	2,452	2,593
Less: Interest in suspense	233	257
Balance	<u>2,219</u>	<u>2,336</u>
Repayable within one year	765	773
Repayable one to five years	1,454	1,563
Balance	<u>2,219</u>	<u>2,336</u>

The finance lease liabilities bear interest at rates ranging from 2.51% to 3.60% (2016 – 2.38% to 4.46%) 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.

Subsequent to the 4th quarter results for the quarter ended 31 December 2016 announced on 22 February 2017, the Learned Registrar during the Case Management on 16 March 2017 directed the Company to file the skeletal submission for the Notice of Application dated 13 March 2017 by 21 March 2017. All pre-trial directions have been complied with during the Case Management on 31 March 2017 and the Full Trial has proceeded as scheduled from 3 April 2017 to 5 April 2017 at the High Court at Kuala Lumpur before the Learned Judge.

The Full Trial will continue again on 17 July 2017, 18 July 2017 and 19 July 2017.

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 31.03.17	Preceding year corresponding quarter 31.03.16	Three Months to 31.03.17	Three Months to 31.03.16
Net (loss)/profit attributable to ordinary equity holders of the parent (RM'000)	(303)	1,406	(303)	1,406
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	(0.76)	3.51	(0.76)	3.51

Basic earnings per share of the Group is calculated by dividing net (loss) / 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.

11. Disclosure of realised and unrealised retained profits

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

	As at 31.03.17 (RM'000)	As at 31.12.16 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	73,504	73,757
- Unrealised	1,041	1,786
Consolidation adjustments	5,092	4,400
Total Group retained profits as per consolidated accounts	79,637	79,943

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

	Individual Period		Cumulative Period	
	31.03.17	31.03.16	Three Months to 31.03.17	Three Months to 31.03.16
	RM '000	RM '000	RM '000	RM '000
Depreciation & Amortisation	1,314	1,226	1,314	1,226
Net gain on disposal of property, plant and equipment	(14)	-	(14)	-
Foreign exchange loss	296	180	296	180