

KHIND HOLDINGS BERHAD (380310-D)

(Incorporated in Malaysia)

The directors are pleased to announce the unaudited condensed consolidated quarterly report for the six months period ended 30 June 2017

Condensed Consolidated Statement of Comprehensive Income

For the six months period ended 30 June 2017 - Unaudited

	Individual Period		Cumulative Period	
	30 June		30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	90,436	104,575	172,651	188,552
Cost of sales	(62,922)	(69,576)	(118,965)	(127,643)
Gross profit	27,514	34,999	53,686	60,909
Other operating income	768	1,658	1,314	3,121
Interest income	39	64	95	136
Operating expenses	(25,782)	(28,546)	(51,776)	(53,581)
Finance cost	(980)	(1,040)	(1,962)	(1,897)
Profit before tax	1,559	7,135	1,357	8,688
Tax expense	(532)	(1,720)	(665)	(1,867)
Net profit for the period	1,027	5,415	692	6,821
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	(896)	1,065	(371)	(1,188)
Total comprehensive income for the period	131	6,480	321	5,633
Profit attributable to:				
Equity holders of the parent	1,101	5,415	798	6,821
Non-controlling interest	(74)	0	(106)	0
Net profit for the period	1,027	5,415	692	6,821
Total comprehensive income attributable to:				
Equity holders of the parent	205	6,480	427	5,633
Non-controlling interest	(74)	0	(106)	0
Total comprehensive income for the period	131	6,480	321	5,633
Basic earning per share attributable to equity holders of the parent (sen)	2.75	13.52	1.99	17.03

(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 30 June 2017 - Unaudited

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	62,958	60,871
Prepaid lease payments	1,603	1,702
Investment property	2,812	2,843
Intangible assets	3,753	3,398
Deferred Tax Assets	2,335	2,717
	<u>73,461</u>	<u>71,531</u>
<i>Current assets</i>		
Other Investment	1,346	1,997
Trade and other receivables	77,587	71,835
Inventories	89,057	83,547
Current tax assets	2,213	1,190
Cash and cash equivalents	38,657	38,367
	<u>208,860</u>	<u>196,936</u>
TOTAL ASSETS	<u>282,321</u>	<u>268,467</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	8,813	9,184
Reserves	80,741	79,943
Total equity attributable to owner of the Company	<u>129,613</u>	<u>129,186</u>
Non-controlling interests	210	0
Total equity	<u>129,823</u>	<u>129,186</u>
<i>Non Current liabilities</i>		
Borrowings	32,975	34,969
Deferred tax liabilities	1,765	1,848
	<u>34,740</u>	<u>36,817</u>
<i>Current liabilities</i>		
Trade and other payables	53,355	58,352
Loans and borrowings	64,015	43,566
Current tax liabilities	388	546
	<u>117,758</u>	<u>102,464</u>
Total liabilities	<u>152,498</u>	<u>139,281</u>
TOTAL EQUITY AND LIABILITIES	<u>282,321</u>	<u>268,467</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.24</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 six months ended 30 June 2017 - Unaudited

	← Attributable to Equity Holders of the Parent →				
	Share Capital RM'000	Non Distributable ⁴ Translation Reserve RM'000	Distributable Retained Earnings RM'000	Non-controlling Interest RM'000	Total RM'000
<u>6 months ended 30 June 2016</u>					
At 1 January 2016	40,059	7,946	74,163	0	122,168
Total comprehensive income for the period	0	(1,188)	6,821	0	5,633
At 30 June 2016	40,059	6,758	80,984	0	127,801
<u>6 months ended 30 June 2017</u>					
At 1 January 2017	40,059	9,184	79,943	0	129,186
Total comprehensive income for the period	0	(371)	798	210	637
At 30 June 2017	40,059	8,813	80,741	210	129,823

(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 six months period ended 30 June 2017 - Unaudited

	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation	1,357	8,688
Adjustment for :		
Depreciation & amortisation	2,649	2,492
Finance cost	1,962	1,897
Interest income	(95)	(136)
Tax exempt distribution income	(7)	0
Net gain on disposal of property, plant and equipment	(14)	0
Net fair value gain on financial assets	(86)	135
Gain on disposal on other investments	(3)	0
Operating profit before changes in working capital	5,763	13,076
Changes in working capital :		
Inventories	(5,510)	(2,233)
Trade and other receivables	(5,752)	(12,374)
Payables and accruals	(4,997)	3,499
Cash (used in) / generated from operations	(10,496)	1,968
Tax refunded	276	1,630
Tax paid	(1,713)	(1,443)
Net cash (used in) / generated from operating activities	(11,933)	2,155
Cash flows from investing activities		
Interest income	95	136
Acquisition of property, plant and equipment	(3,756)	(2,484)
Acquisition of intangible assets	(383)	(85)
Proceeds from disposal of :		
- property, plant and equipment	14	46
- other investments	747	0
Net cash used in investing activities	(3,283)	(2,387)
Cash flows from financing activities		
Issue of shares by subsidiary to Non-controlling interest	317	0
Finance cost	(1,962)	(1,897)
Drawdown of bank borrowings	19,132	15,772
Repayment of hire purchase liabilities	(404)	(462)
Net cash generated from financing activities	17,083	13,413
Net increase in cash and cash equivalents	1,867	13,181
Cash and cash equivalents at beginning of financial period	34,717	35,059
Effect of exchange rate changes	(1,158)	(1,076)
Cash and cash equivalents at end of financial period	35,426	47,164
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Cash and bank balances	38,657	48,842
Bank overdrafts	(3,231)	(1,678)
	35,426	47,164

(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 second financial quarter ended 30 June 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 30 June 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	-	-	72,701	91,134	4,917	6,511	-	-	77,618	97,645
Overseas	-	-	93,675	85,162	1,358	5,745	-	-	95,033	90,907
Internal	3,832	3,882	3,546	3,135	37,440	30,659	(44,818)	(37,676)	-	-
Total revenue	3,832	3,882	169,922	179,431	43,715	42,915	(44,818)	(37,676)	172,651	188,552
Segment results	(1,729)	(1,530)	4,232	10,396	563	2,873	158	(1,290)	3,224	10,449
Finance cost									(1,962)	(1,897)
Interest income									95	136
Profit before tax									1,357	8,688
Tax expense									(665)	(1,867)
Net profit									692	6,821

Year 2017 refers to 6 months period ended 30.06.2017 as compare to the corresponding 6 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 30.06.2017, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM169.15 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM18.03 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:

	30/06/17 RM'000	30/06/16 RM'000
Directors of the Company	1,080	1,003
Other key management personnel	4,163	3,822

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2017

15. Related party transactions

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

	Transaction value 6 months ended		Balance as at	
	30/06/17 RM'000	30/06/16 RM'000	30/06/17 RM'000	30/06/16 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 second financial quarter ended 30 June 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 RM90.44 million for the current quarter under review representing a decrease of 13.5% over revenue of RM104.58 million of previous corresponding quarter.

The Group recorded profit before tax of RM1.56 million for the current quarter under review representing a decrease of 78.2% over profit before tax of RM7.14 million of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM172.65 million for the current period under review representing a decrease of 8.4% over revenue of RM188.55 million of previous corresponding period.

The Group recorded profit before tax of RM1.36 million for the current period under review representing a decrease of 84.4% over profit before tax of RM8.69 million of previous corresponding period.

The performance of the business segments for the current period 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 period.

2) Trading and Service Division

The revenue in Trading and Service Division recorded a decrease of 5.3% as compared to previous corresponding period. The decrease was mainly due to lower sales achieved by local subsidiaries amid weak domestic demand. However, the decrease has been partially offset by the increase sales in foreign subsidiaries.

Due to the decline in revenue, the division's results decreased substantially by 59.3% as compared to last corresponding period. The significant decline in profit was mainly attributable to the lower margin, increase in operating cost and decrease in other operating income.

3) Manufacturing Division

The revenue in Manufacturing Division has increased marginally by 1.9% 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 profit recorded a significant decrease of 80.4% which is mainly attributed to 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 RM90.44 million for the current quarter under review, representing an increase of 10.0% as compared to RM82.22 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM1.56 million, representing a significant increase of 871.8% as compared to the preceding quarter of loss before tax of RM0.20 million.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2017

3. Commentary on prospect

The Board of Directors is pleased with the 2nd quarter positive turnaround performance, despite 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>	
	30/06/17 RM'000	30/06/16 RM'000	30/06/17 RM'000	30/06/16 RM'000
- Current tax expense	286	1,642	367	1,656
- Deferred tax expense	246	78	298	211
Total	532	1,720	665	1,867

The group's effective tax rate for the period ended 30 June 2017 is 26.6%.

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	30/06/17 RM'000	Foreign Currency '000	31/12/16 RM'000
Bank Overdrafts				
Secured		349		198
Unsecured		2,882		3,452
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		37,479		23,847
Unsecured – denominated in foreign currency	SGD2,210	6,892	SGD845	2,622
Revolving Credit				
Denominated in Ringgit Malaysia		10,306		5,704
Denominated in foreign currency	SGD1,000	3,118	SGD1,600	4,963
Total		61,026		40,786

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2017

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 7.22% to 8.22% (2016 – 4.99% to 7.81%) per annum. The banker acceptances bear interest at rates ranging from 4.06% to 4.96% (2016 – 3.93% to 7.95%) per annum.

(b) Term Loans

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

	Foreign Currency '000	30/06/17 RM'000	Foreign Currency '000	31/12/16 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,656		1,414
Secured – Denominated in foreign currency	SGD190	593	SGD191	593
Total		<u>2,249</u>		<u>2,007</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		20,540		22,018
Secured – Denominated in foreign currency	SGD3,579	11,160	SGD3,672	11,388
Total		<u>31,700</u>		<u>33,406</u>
Grand Total		<u><u>33,949</u></u>		<u><u>35,413</u></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	33,949	2,249	2,179	7,133	22,388
Total	<u>33,949</u>	<u>2,249</u>	<u>2,179</u>	<u>7,133</u>	<u>22,388</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 5.47% (2016 – 3.79% to 5.15%) per annum.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2017

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:-

	30/06/17 RM'000	31/12/16 RM'000
Hire Purchase Creditors	2,214	2,593
Less: Interest in suspense	199	257
Balance	<u>2,015</u>	<u>2,336</u>
Repayable within one year	740	773
Repayable one to five years	1,275	1,563
Balance	<u>2,015</u>	<u>2,336</u>

The finance lease liabilities bear interest at rates ranging from 2.51% to 3.50% (2016 – 2.38% to 4.46%) 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.

Subsequent to the 1st quarter results for the quarter ended 31 March 2017 announced on 24 May 2017 the part-heard Full Trial had proceeded as scheduled on 18 July 2017 and 19 July 2017 at the High Court, Kuala Lumpur whereby the Court proceeded with Cross-Examination on the 2nd Defendant (Shamsaimon Bin Durani). The Full Trial will continue on 26 February 2018 to 2 March 2018 and 5 March 2018 to 6 March 2018.

Separately, the 1st Defendant (Farid Firhan Bin Mohammad Fizwan) and the 2nd Defendant have filed in the application to amend their defence. 23 August 2017 has been fixed for Case Management on this.

9. Dividend

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

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2017

10. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 30.06.17	Preceding year corresponding quarter 30.06.16	Six Months to 30.06.17	Six Months to 30.06.16
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,101	5,415	798	6,821
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	2.75	13.52	1.99	17.03

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.

11. Disclosure of realised and unrealised retained profits

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

	As at 30.06.17 (RM'000)	As at 31.12.16 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	74,556	73,757
- Unrealised	515	1,786
Consolidation adjustments	5,670	4,400
Total Group retained profits as per consolidated accounts	80,741	79,943

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

	Individual Period		Cumulative Period	
	30.06.17 RM '000	30.06.16 RM '000	Six Months to 30.06.17 RM '000	Six Months to 30.06.16 RM '000
Depreciation & Amortisation	1,335	1,266	2,649	2,492
Net gain on disposal of property, plant and equipment	-	-	(14)	-
Foreign exchange loss / (gain)	144	(803)	440	(623)