

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 2018

Condensed Consolidated Statement of Comprehensive Income

For the six months period ended 30 June 2018 - Unaudited

	Individual Period		Cumulative Period	
	30 June		30 June	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue	89,255	90,436	164,692	172,651
Cost of sales	(59,281)	(62,922)	(111,593)	(118,965)
Gross profit	29,974	27,514	53,099	53,686
Other operating income	708	768	1,475	1,314
Interest income	52	39	123	95
Operating expenses	(27,031)	(25,782)	(51,373)	(51,776)
Finance cost	(1,111)	(980)	(2,023)	(1,962)
Profit before tax	2,592	1,559	1,301	1,357
Tax expense	(811)	(532)	(671)	(665)
Net profit for the period	1,781	1,027	630	692
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	514	(896)	(906)	(371)
Total comprehensive income / (loss) for the period	2,295	131	(276)	321
Profit attributable to:				
Equity holders of the parent	1,837	1,101	723	798
Non-controlling interest	(56)	(74)	(93)	(106)
Net profit for the period	1,781	1,027	630	692
Total comprehensive income attributable to:				
Equity holders of the parent	2,351	205	(183)	427
Non-controlling interest	(56)	(74)	(93)	(106)
Total comprehensive income / (loss) for the period	2,295	131	(276)	321
Basic earning per share attributable to equity holders of the parent (sen)	4.59	2.75	1.80	1.99

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

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

Condensed Consolidated Statement of Financial Position
As at 30 June 2018 - Unaudited

	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	64,261	62,738
Prepaid lease payments	1,405	1,504
Investment property	2,750	2,781
Intangible assets	3,787	3,786
Deferred Tax Assets	1,719	1,807
	<u>73,922</u>	<u>72,616</u>
<i>Current assets</i>		
Other Investment	1,659	2,767
Trade and other receivables	75,079	66,321
Inventories	87,898	81,978
Current tax assets	4,034	3,424
Cash and cash equivalents	24,046	34,656
	<u>192,716</u>	<u>189,146</u>
TOTAL ASSETS	<u>266,638</u>	<u>261,762</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	6,506	7,412
Reserves	81,858	81,135
Total equity attributable to owner of the Company	<u>128,423</u>	<u>128,606</u>
Non-controlling interests	7	100
Total equity	<u>128,430</u>	<u>128,706</u>
<i>Non Current liabilities</i>		
Borrowings	31,931	33,098
Deferred tax liabilities	1,964	2,169
	<u>33,895</u>	<u>35,267</u>
<i>Current liabilities</i>		
Trade and other payables	44,140	51,317
Loans and borrowings	59,943	46,098
Current tax liabilities	230	374
	<u>104,313</u>	<u>97,789</u>
Total liabilities	<u>138,208</u>	<u>133,056</u>
TOTAL EQUITY AND LIABILITIES	<u>266,638</u>	<u>261,762</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.21</u>	<u>3.21</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

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

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2018 - 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>6 months ended 30 June 2017</u>					
At 1 January 2017	40,059	9,184	79,943	0	129,186
Total comprehensive income / (loss) for the period	0	(371)	798	210	637
At 30 June 2017	40,059	8,813	80,741	210	129,823
<u>6 months ended 30 June 2018</u>					
At 1 January 2018	40,059	7,412	81,135	100	128,706
Total comprehensive income / (loss) for the period	0	(906)	723	(93)	(276)
At 30 June 2018	40,059	6,506	81,858	7	128,430

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

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

Condensed Consolidated Statement of Cash Flows
For the six months period ended 30 June 2018 - Unaudited

	30 June 2018 RM'000	30 June 2017 RM'000
Profit before taxation	1,301	1,357
Adjustment for :		
Depreciation & amortisation	2,727	2,649
Finance cost	2,023	1,962
Interest income	(123)	(95)
Net gain on disposal of property, plant and equipment	(14)	(14)
Net fair value loss / (gain) on financial assets	74	(93)
Dividend income	(3)	0
Gain on disposal on other investments	0	(3)
Operating profit before changes in working capital	5,985	5,763
Changes in working capital :		
Inventories	(5,920)	(5,510)
Trade and other receivables	(8,758)	(5,752)
Payables and accruals	(6,776)	(4,997)
Cash used in operations	(15,469)	(10,496)
Tax refunded	15	276
Tax paid	(1,550)	(1,713)
Net cash used in operating activities	(17,004)	(11,933)
Cash flows from investing activities		
Interest income	123	95
Dividend income	7	0
Acquisition of property, plant and equipment	(4,362)	(3,756)
Acquisition of other investments	(20)	0
Acquisition of intangible assets	(43)	(383)
Proceeds from disposal of :		
- property, plant and equipment	17	14
- other investments	1,051	747
Net cash used in investing activities	(3,227)	(3,283)
Cash flows from financing activities		
Dividend paid to shareholders	(401)	0
Issue of shares by subsidiaries to NCI	0	317
Finance cost	(2,023)	(1,962)
Drawdown of bank borrowings	12,537	19,132
Repayment of hire purchase liabilities	(339)	(404)
Net cash generated from financing activities	9,774	17,083
Net (decrease) / increase in cash and cash equivalents	(10,457)	1,867
Cash and cash equivalents at beginning of financial period	32,215	34,717
Effect of exchange rate changes	(715)	(1,158)
Cash and cash equivalents at end of financial period	21,043	35,426

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

	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Cash and bank balances	24,046	38,657
Bank overdrafts	(3,003)	(3,231)
	21,043	35,426

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2018

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 2017.

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 2017.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 30 June 2018 are consistent with those adopted in audited financial statements for the year ended 31 December 2017.

The following MFRSs, Amendments to MFRSs and Interpretations are mandatory for the first time for the financial year 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	Clarifications to MFRS 15
Amendments to MFRS 1	First-time Adoption of Malaysian 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

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 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Financial Instruments (2014) – Prepayment Features with Negative Compensation
Amendments to MFRS 128	Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 3	Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 cycle)
Amendments to MFRS 11	Joint Arrangements – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 cycle)
Amendments to MFRS 112	Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 cycle)

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2. Significant Accounting Policies (continued)

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

Amendments to MFRS 123	Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 cycle)
Amendments to MFRS 119	Employee Benefits – Plan Amendment, Curtailment or Settlement

MFRSs, Interpretations and amendments effective 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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3. Audit qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2017 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

KHIND HOLDINGS BERHAD

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9. Segment reporting (continued)

	Investment holding		Trading & service		Manufacturing		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover										
External										
Local	-	-	76,251	72,701	2,300	4,917	-	-	78,551	77,618
Overseas	-	-	83,681	93,675	2,460	1,358	-	-	86,141	95,033
Internal	3,612	3,832	5,894	3,546	28,749	37,440	(38,255)	(44,818)	-	-
Total revenue	3,612	3,832	165,826	169,922	33,509	43,715	(38,255)	(44,818)	164,692	172,651
Segment results	(1,751)	(1,729)	5,391	4,232	(401)	563	(38)	158	3,201	3,224
Finance cost									(2,023)	(1,962)
Interest income									123	95
Profit before tax									1,301	1,357
Tax expense									(671)	(665)
Net profit									630	692

Year 2018 refers to 6 months period ended 30.06.2018 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 30.06.2018, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM165.96 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM12.56 million.

14. Key management personnel compensation

Total compensation to Directors of the Company and other members of key management during the period under review are as follows:

	30/06/18 RM'000	30/06/17 RM'000
Directors of the Company	868	1,080
Other key management personnel	3,090	4,163

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2018

15. Related party transactions

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

	Transaction value 6 months ended		Balance as at	
	30/06/18 RM'000	30/06/17 RM'000	30/06/18 RM'000	30/06/17 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 2018

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 RM89.26 million for the current quarter under review representing a decrease of 1.3% over revenue of RM90.44 million of previous corresponding quarter.

The Group recorded profit before tax of RM2.59 million for the current quarter under review representing an increase of 66.3% over profit before tax of RM1.56 million of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM164.69 million for the current period under review representing a decrease of 4.6% over revenue of RM172.65 million of previous corresponding period.

The Group recorded profit before tax of RM1.30 million for the current period under review representing a decrease of 4.1% over profit before tax of RM1.36 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 received slightly lower management fees but also incurred lower expenses in providing management services to the subsidiaries. As a result, this division's loss remained at around the same level as the previous corresponding period.

2) Trading and Service Division

The revenue in Trading and Service Division recorded a decrease of 2.4% as compared to previous corresponding period. The decrease was mainly due to the slowdown of sales demand in overseas subsidiaries, further exacerbated by the strengthening in local currency. However, the decrease has been partially offset by improved sales performance in the local market.

Due to the better profit margin achieved in local subsidiaries, the division's results increased by 27.4% as compared to last corresponding period.

3) Manufacturing Division

The Manufacturing Division continues to face challenges – its revenue has decreased by 23.3% as compared to previous corresponding period, mainly due to the decrease in sales from inter-companies.

The division has recorded a loss representing a significant decrease of 171.2% if compared to previous corresponding period's profit. It is mainly attributed to lower gross margin as a result of insufficient revenue to cover fixed operating cost.

The Company has focused on improving efficiency in all aspects of the Manufacturing Division's operations such as headcount optimization, ongoing initiatives to increase productivity and to drive sales and so forth.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2018

1. Review of Performance (Continued)

Financial review for current quarter and financial year to date

	Individual Period				Cumulative Period			
	30 June		Variance		30 June		Variance	
	2018	2017			2018	2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	89,255	90,436	(1,181)	-1.3%	164,692	172,651	(7,959)	-4.6%
Profit before interest and tax	3,651	2,500	1,151	46.0%	3,201	3,224	(23)	-0.7%
Profit before tax	2,592	1,559	1,033	66.3%	1,301	1,357	(56)	-4.1%
Profit after tax	1,781	1,027	754	73.4%	630	692	(62)	-9.0%
Profit/(Loss) attributable to Equity Holders of the Parent	1,837	1,101	736	66.8%	723	798	(75)	-9.4%

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding	Variance	
	30 June 2018	31 March 2018		
	RM'000	RM'000	RM'000	%
Revenue	89,255	75,437	13,818	18.3%
Profit before interest and tax	3,651	(450)	4,101	-911.3%
Profit before tax	2,592	(1,291)	3,883	-300.8%
Profit after tax	1,781	(1,151)	2,932	-254.7%
Profit/(Loss) attributable to Equity Holders of the Parent	1,837	(1,114)	2,951	-264.9%

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM89.26 million for the current quarter under review, representing an increase of 18.3% as compared to RM75.44 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM2.59 million, representing a significant increase of 300.8% as compared to the preceding quarter's loss before tax of RM1.29 million.

3. Commentary on prospect

The Board expects the Group's outlook for the year to remain challenging in view of the slowdown in consumer demand and price competition. The Group will continue to embark on cost reduction and rationalisation exercises as well as improve operational efficiency. In addition, the Group will put more effort into growing and expanding its international business.

Overall, the Board expects the Group's performance will be improved with the successful implementation of some key improvement initiatives.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2018

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	30/06/18 RM'000	30/06/17 RM'000	30/06/18 RM'000	30/06/17 RM'000
- Current tax expense	634	286	785	367
- Deferred tax expense	177	246	(114)	298
Total	811	532	671	665

The group's effective tax rate for the period ended 30 June 2018 is 27.1%.

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	30/06/18 RM'000	Foreign Currency '000	31/12/17 RM'000
Bank Overdrafts				
Secured		286		299
Unsecured		2,717		2,142
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		37,974		26,615
Unsecured – denominated in foreign currency	SGD974	2,881	SGD845	1,025
Revolving Credit				
Denominated in Ringgit Malaysia		10,278		9,109
Denominated in foreign currency	SGD900	2,663	SGD1,600	3,647
Total		56,799		42,837

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 8.29% (2017 – 5.47% to 8.65%) per annum. The banker acceptances bear interest at rates ranging from 3.00% to 5.04% (2017 – 1.25% to 4.90%) per annum.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2018

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	30/06/18 RM'000	Foreign Currency '000	31/12/17 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,741		1,837
Secured – Denominated in foreign currency	SGD183	541	SGD191	560
Total		<u>2,282</u>		<u>2,397</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		20,589		21,066
Secured – Denominated in foreign currency	SGD3,397	10,050	SGD3,672	10,616
Total		<u>30,639</u>		<u>31,682</u>
Grand Total		<u>32,921</u>		<u>34,079</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	32,921	2,282	2,372	7,615	20,652
Total	<u>32,921</u>	<u>2,282</u>	<u>2,372</u>	<u>7,615</u>	<u>20,652</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 5.38% (2017 – 2.33% to 5.12%) per annum.

(c) Finance lease liabilities

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

	30/06/18 RM'000	31/12/17 RM'000
Hire Purchase Creditors	2,302	2,470
Less: Interest in suspense	148	190
Balance	<u>2,154</u>	<u>2,280</u>
Repayable within one year	862	864
Repayable one to five years	1,292	1,416
Balance	<u>2,154</u>	<u>2,280</u>

The finance lease liabilities bear interest at rates ranging from 1.80% to 3.50% (2017 – 1.80% to 5.89%) per annum.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2018

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 2018 announced on 28 May 2018, the Decision date which was originally fixed on 22 June 2018 has been vacated and rescheduled to 10 August 2018 and subsequently rescheduled again to 3 September 2018.

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 30.06.18	Preceding year corresponding quarter 30.06.17	Six Months to 30.06.18	Six Months to 30.06.17
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,837	1,101	723	798
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	4.59	2.75	1.80	1.99

Basic earnings per share of the Group is calculated by dividing net loss 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. Profit for the period is arrived at after charging/(crediting):-

	Individual Period		Cumulative Period	
	30.06.18 RM '000	30.06.17 RM '000	Six Months to 30.06.18 RM '000	Six Months to 30.06.17 RM '000
Depreciation & Amortisation	1,345	1,335	2,727	2,649
Net gain on disposal of property, plant and equipment	-	-	(14)	(14)
Foreign exchange loss / (gain)	(105)	144	(209)	440