

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 2019

Condensed Consolidated Statement of Comprehensive Income

For the three months period ended 31 March 2019 - Unaudited

	Individual Period		Cumulative Period	
	31 Mar		31 Mar	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	77,767	75,437	77,767	75,437
Cost of sales	(52,701)	(52,312)	(52,701)	(52,312)
Gross profit	25,066	23,125	25,066	23,125
Other operating income	1,173	767	1,173	767
Interest income	54	71	54	71
Operating expenses	(25,844)	(24,342)	(25,844)	(24,342)
Finance cost	(1,053)	(912)	(1,053)	(912)
Loss before tax	(604)	(1,291)	(604)	(1,291)
Tax expense	(33)	140	(33)	140
Net loss for the period	(637)	(1,151)	(637)	(1,151)
Other comprehensive income				
Item that may be reclassified subsequently				
to profit or loss				
Foreign exchange translation difference	(402)	(1,420)	(402)	(1,420)
Total comprehensive loss				
for the period	(1,039)	(2,571)	(1,039)	(2,571)
Profit attributable to:				
Equity holders of the parent	(612)	(1,114)	(612)	(1,114)
Non-controlling interest	(25)	(37)	(25)	(37)
Net loss for the period	(637)	(1,151)	(637)	(1,151)
Total comprehensive income attributable to:				
Equity holders of the parent	(1,014)	(2,534)	(1,014)	(2,534)
Non-controlling interest	(25)	(37)	(25)	(37)
Total comprehensive loss				
for the period	(1,039)	(2,571)	(1,039)	(2,571)
Basic earning per share attributable to				
equity holders of the parent (sen)	(1.53)	(2.78)	(1.53)	(2.78)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the
Annual Financial Report for the year ended 31 December 2018)

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

Condensed Consolidated Statement of Financial Position
As at 31 March 2019 - Unaudited

	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	62,360	63,729
Prepaid lease payments	1,272	1,306
Investment property	2,704	2,719
Intangible assets	3,941	3,953
Inventories	6,336	6,336
Deferred Tax Assets	2,089	2,014
	<u>78,702</u>	<u>80,057</u>
<i>Current assets</i>		
Other Investment	970	1,011
Trade and other receivables	64,428	69,640
Inventories	90,709	91,250
Current tax assets	2,983	2,563
Cash and cash equivalents	26,893	28,006
	<u>185,983</u>	<u>192,470</u>
TOTAL ASSETS	<u>264,685</u>	<u>272,527</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	7,150	7,552
Reserves	82,101	82,713
Total equity attributable to owner of the Company	<u>129,310</u>	<u>130,324</u>
Non-controlling interests	108	133
Total equity	<u>129,418</u>	<u>130,457</u>
<i>Non Current liabilities</i>		
Borrowings	32,025	32,962
Deferred tax liabilities	2,336	2,353
	<u>34,361</u>	<u>35,315</u>
<i>Current liabilities</i>		
Trade and other payables	42,233	53,669
Loans and borrowings	58,405	53,013
Current tax liabilities	268	73
	<u>100,906</u>	<u>106,755</u>
Total liabilities	<u>135,267</u>	<u>142,070</u>
TOTAL EQUITY AND LIABILITIES	<u>264,685</u>	<u>272,527</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.23</u>	<u>3.25</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction
with the Annual Financial Report for the year ended 31 December 2018)

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

Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2019 - 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 2018</u>					
At 1 January 2018	40,059	7,412	81,135	100	128,706
Total comprehensive loss for the period	0	(1,420)	(1,114)	(38)	(2,572)
At 31 March 2018	<u>40,059</u>	<u>5,992</u>	<u>80,021</u>	<u>62</u>	<u>126,134</u>
<u>3 months ended 31 March 2019</u>					
At 1 January 2019	40,059	7,552	82,713	133	130,457
Total comprehensive loss for the period	0	(402)	(612)	(25)	(1,039)
At 31 March 2019	<u>40,059</u>	<u>7,150</u>	<u>82,101</u>	<u>108</u>	<u>129,418</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)

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

Condensed Consolidated Statement of Cash Flows
For the three months period ended 31 March 2019 - Unaudited

	31 March 2019 RM'000	31 March 2018 RM'000
Loss before taxation	(604)	(1,291)
Adjustment for :		
Depreciation & amortisation	1,357	1,382
Finance cost	1,053	912
Interest income	(54)	(71)
Net gain on disposal of property, plant and equipment	(574)	(14)
Net fair value (gain) / loss on financial assets	(54)	51
Dividend income	(4)	0
Operating profit before changes in working capital	1,120	969
Changes in working capital :		
Inventories	541	2,947
Trade and other receivables	5,212	9,104
Payables and accruals	(11,436)	(10,259)
Cash (used in) / generated from operations	(4,563)	2,761
Tax refunded	132	0
Tax paid	(474)	(880)
Net cash (used in) / generated from operating activities	(4,905)	1,881
Cash flows from investing activities		
Interest income	54	71
Dividend income	4	2
Acquisition of property, plant and equipment	(298)	(1,588)
Acquisition of other investments	(80)	(12)
Acquisition of intangible assets	(15)	(38)
Proceeds from disposal of :		
- property, plant and equipment	800	17
- other investments	174	451
Net cash generated from / (used in) investing activities	639	(1,097)
Cash flows from financing activities		
Dividend paid to shareholders	0	(401)
Finance cost	(1,053)	(912)
Drawdown of bank borrowings	4,023	127
Repayment of hire purchase liabilities	(279)	(112)
Net cash generated from / (used in) financing activities	2,691	(1,298)
Net decrease in cash and cash equivalents	(1,575)	(514)
Cash and cash equivalents at beginning of financial period	25,708	32,215
Effect of exchange rate changes	(329)	(1,093)
Cash and cash equivalents at end of financial period	23,804	30,608

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

	As at 31 March 2019 RM'000	As at 31 March 2018 RM'000
Cash and bank balances	26,893	33,104
Bank overdrafts	(3,089)	(2,496)
	23,804	30,608

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

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 2018.

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 2018.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 31 March 2019 are consistent with those adopted in audited financial statements for the year ended 31 December 2018.

The following MFRSs, Amendments to MFRSs and Interpretations are mandatory for the first time for the financial year 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)
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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2. Audit qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2018 was not subject to any qualification.

3. Seasonal or cyclical factors

Generally, sales of our products are enhanced during festive seasons celebrated in Malaysia.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

4. 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.

5. Changes in estimates

There were no changes in estimates for the financial period under review.

6. 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.

7. Dividend paid

There were no dividends paid in the current quarter.

8. 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover										
External										
Local	-	-	32,863	34,298	468	1,818	-	-	33,331	36,116
Overseas	-	-	43,212	39,321	1,224	-	-	-	44,436	39,321
Internal	1,663	1,973	3,883	1,786	13,521	12,174	(19,067)	(15,933)	-	-
Total revenue	1,663	1,973	79,958	75,405	15,213	13,992	(19,067)	(15,933)	77,767	75,437
Segment results	(1,119)	(647)	1,136	635	301	(966)	77	528	395	(450)
Finance cost									(1,053)	(912)
Interest income									54	71
Loss before tax									(604)	(1,291)
Tax										
(expense)/profit									(33)	140
Net loss									(637)	(1,151)

Year 2019 refers to 3 months period ended 31.03.2019 as compare to the corresponding 3 months in the preceding year.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

9. Valuation of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

10. 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.

11. Changes in the composition of the group

There were no changes in the composition of the Group during the current quarter.

12. Contingent liabilities

As at 31.03.2019, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM158.68 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM8.97 million.

13. 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:

	31/03/19 RM'000	31/03/18 RM'000
Directors of the Company	460	472
Other key management personnel	1,705	1,690

14. Related party transactions

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

	Transaction value 3 months ended		Balance as at	
	31/03/19 RM'000	31/03/18 RM'000	31/03/19 RM'000	31/03/18 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 first financial quarter ended 31 March 2019

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 RM77.77 million for the current quarter under review representing an increase of 3.1% over revenue of RM75.44 million of previous corresponding quarter.

The Group recorded loss before tax of RM0.60 million for the current quarter under review, a 53.2% improvement compared to RM1.29 million loss before tax recorded in the previous corresponding quarter.

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

1) Investment Holdings Division

The Investment Holdings Division recorded lower revenue as compared to previous corresponding quarter due to lower management fees received from subsidiaries. As a result, this division's recorded higher loss before tax if compared with previous corresponding quarter.

2) Trading and Service Division

The revenue in Trading and Service Division recorded an increase of 6.0% as compared to previous corresponding quarter. Overseas sales improved by 9.9% mainly contributed by both Singapore and Dubai subsidiaries, further amplified by the weakening against local currency. However, the local sales slightly decreased by 4.2% due to weaker demand in the local market.

The division's results increased by 78.7% as compared to last corresponding quarter, was contributed mainly by the gain on disposal of the property in East Malaysia subsidiary.

3) Manufacturing Division

The revenue in Manufacturing Division has increased by 8.7% as compared to previous corresponding quarter which is mainly due to the increase in sales from inter-companies.

The division has recorded a profit representing an improvement of 131.2% if compared to a loss in the previous corresponding quarter. It is mainly attributed to higher sales and better cost management. The Company continue to focus on improving efficiency and productivity.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

1. Review of Performance (Continued)

Financial review for current quarter and financial year to date

	Individual Period				Cumulative Period			
	31 March		Variance		31 March		Variance	
	2019	2018			2019	2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	77,767	75,437	2,330	3.1%	77,767	75,437	2,330	3.1%
Profit/(loss) before interest and tax	395	(450)	845	-187.8%	395	(450)	845	-187.8%
Loss before tax	(604)	(1,291)	687	-53.2%	(604)	(1,291)	687	-53.2%
Loss after tax	(637)	(1,151)	514	-44.7%	(637)	(1,151)	514	-44.7%
Loss attributable to Equity Holders of the Parent	(612)	(1,114)	502	-45.1%	(612)	(1,114)	502	-45.1%

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding	Variance	
	31 March 2019	31 December 2018		
	RM'000	RM'000	RM'000	%
Revenue	77,767	86,960	(9,193)	-10.6%
Profit/(loss) before interest and tax	395	1,631	(1,236)	-75.8%
(Loss)/profit before tax	(604)	818	(1,422)	-173.8%
Loss after tax	(637)	(37)	(600)	1621.6%
Loss attributable to Equity Holders of the Parent	(612)	(166)	(446)	268.7%

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM77.77 million for the current quarter under review, representing a decrease of 10.6% as compared to RM86.96 million in the immediate preceding quarter. Meanwhile, the Group recorded loss before tax of RM0.60 million, representing a decrease of 173.8% as compared to the preceding quarter's profit before tax of RM0.82 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 improving operational efficiency. In addition, the Group will put more effort into growing and expanding its international business.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	Individual period		Cumulative period	
	31/03/19	31/03/18	31/03/19	31/03/18
	RM'000	RM'000	RM'000	RM'000
- Current tax expense	124	151	124	151
- Deferred tax expense	(91)	(291)	(91)	(291)
Total	33	(140)	33	(140)

The group's effective tax rate for the period ended 31 March 2019 is 28.9%.

6. Status of corporate proposals

There were no corporate proposals during the current quarter.

7. Borrowings and debt securities

(a) Bank Borrowings (current and repayable within 1 year)

Details of the Group's bank borrowings as at the end of this reporting period: -

	Foreign Currency '000	31/03/19 RM'000	Foreign Currency '000	31/12/18 RM'000
Bank Overdrafts				
Secured		300		299
Unsecured		2,789		1,999
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		34,308		28,721
Unsecured – denominated in foreign currency	SGD1,354	4,075	SGD1,623	4,921
Revolving Credit				
Denominated in Ringgit Malaysia		10,688		10,759
Denominated in foreign currency	SGD900	2,709	SGD900	2,729
Total		54,869		49,428

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 7.47% to 8.39% (2018 – 7.47% to 8.65%) per annum. The banker acceptances bear interest at rates ranging from 4.00% to 5.11% (2018 – 1.70% to 5.25%) per annum.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

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	31/03/19 RM'000	Foreign Currency '000	31/12/18 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,937		1,973
Secured – Denominated in foreign currency	SGD203	610	SGD203	615
Total		<u>2,547</u>		<u>2,588</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		21,145		21,584
Secured – Denominated in foreign currency	SGD3,225	9,706	SGD3,275	9,931
Total		<u>30,851</u>		<u>31,515</u>
Grand Total		<u>33,398</u>		<u>34,103</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	33,398	2,547	2,016	8,878	19,957
Total	<u>33,398</u>	<u>2,547</u>	<u>2,016</u>	<u>8,878</u>	<u>19,957</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 4.82% to 5.38% (2018 – 2.38% to 5.38%) per annum.

(c) Finance lease liabilities

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

	31/03/19 RM'000	31/12/18 RM'000
Hire Purchase Creditors	2,343	2,661
Less: Interest in suspense	180	217
Balance	<u>2,163</u>	<u>2,444</u>
Repayable within one year	989	997
Repayable one to five years	1,174	1,447
Balance	<u>2,163</u>	<u>2,444</u>

The finance lease liabilities bear interest at rates ranging from 1.80% to 5.89% (2018 – 1.80% to 5.89%) per annum.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2019

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 announced on 26 February 2019, the Court has fixed a next Case Management on 24 April 2019 and KEMSB has updated the Court that the Bankruptcy Notice dated 11 January 2019 has been successfully served to the Fifth Defendant ("Judgment Debtor") on 4 April 2019 and the act of bankruptcy was deemed committed on 12 March 2019 as there was no payment made by the Judgment Debtor after 7 days from the delivery of Bankruptcy Notice.

On 24 April 2019, the Court has fixed the next Case Management on 30 May 2019 for the Appellants to file in the Supplementary Appeal Records pending the Grounds of Judgment to be finalised and issued by the Learned High Court Judge.

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 31.03.19	Preceding year corresponding quarter 31.03.18	Three Months to 31.03.19	Three Months to 31.03.18
Net loss attributable to ordinary equity holders of the parent (RM'000)	(612)	(1,114)	(612)	(1,114)
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	(1.53)	(2.78)	(1.53)	(2.78)

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

	Individual Period		Cumulative Period	
	31.03.19 RM '000	31.03.18 RM '000	Three Months to 31.03.19 RM '000	Three Months to 31.03.18 RM '000
Depreciation & Amortisation	1,357	1,382	1,357	1,382
Net gain on disposal of property, plant and equipment	(574)	(14)	(574)	(14)
Foreign exchange loss / (gain)	109	(104)	109	(104)