

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 2019

Condensed Consolidated Statement of Comprehensive Income

For the six months period ended 30 June 2019 - Unaudited

	Individual Period		Cumulative Period	
	30 June		30 June	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	100,305	89,255	178,072	164,692
Cost of sales	(68,666)	(59,281)	(121,367)	(111,593)
Gross profit	31,639	29,974	56,705	53,099
Other operating income	73	708	1,246	1,475
Interest income	53	52	107	123
Operating expenses	(28,736)	(27,031)	(54,580)	(51,373)
Finance cost	(1,152)	(1,111)	(2,205)	(2,023)
Profit before tax	1,877	2,592	1,273	1,301
Tax expense	(293)	(811)	(326)	(671)
Net profit for the period	1,584	1,781	947	630
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	765	514	363	(906)
Total comprehensive income / (loss) for the period	2,349	2,295	1,310	(276)
Profit attributable to:				
Equity holders of the parent	1,645	1,837	1,033	723
Non-controlling interest	(61)	(56)	(86)	(93)
Net profit for the period	1,584	1,781	947	630
Total comprehensive income attributable to:				
Equity holders of the parent	2,410	2,351	1,396	(183)
Non-controlling interest	(61)	(56)	(86)	(93)
Total comprehensive income / (loss) for the period	2,349	2,295	1,310	(276)
Basic earning per share attributable to equity holders of the parent (sen)	4.11	4.59	2.58	1.80

(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 30 June 2019 - Unaudited

	As at 30 June 2019 RM'000	As at 31 December 2018 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	62,649	63,729
Prepaid lease payments	1,268	1,306
Investment property	2,688	2,719
Intangible assets	3,915	3,953
Deferred Tax Assets	1,947	2,014
	<u>72,467</u>	<u>73,721</u>
<i>Current assets</i>		
Other Investment	297	1,011
Trade and other receivables	78,459	69,640
Inventories	91,160	97,586
Current tax assets	3,262	2,563
Cash and cash equivalents	28,509	28,006
	<u>201,687</u>	<u>198,806</u>
TOTAL ASSETS	<u>274,154</u>	<u>272,527</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	7,917	7,554
Reserves	83,744	82,711
Total equity attributable to owner of the Company	<u>131,720</u>	<u>130,324</u>
Non-controlling interests	46	132
Total equity	<u>131,766</u>	<u>130,456</u>
<i>Non Current liabilities</i>		
Borrowings	32,045	32,962
Deferred tax liabilities	2,477	2,353
	<u>34,522</u>	<u>35,315</u>
<i>Current liabilities</i>		
Trade and other payables	42,397	53,669
Loans and borrowings	65,265	53,013
Current tax liabilities	204	74
	<u>107,866</u>	<u>106,756</u>
Total liabilities	<u>142,388</u>	<u>142,071</u>
TOTAL EQUITY AND LIABILITIES	<u>274,154</u>	<u>272,527</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.29</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 six months ended 30 June 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>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
<u>6 months ended 30 June 2019</u>					
At 1 January 2019	40,059	7,554	82,711	132	130,456
Total comprehensive income / (loss) for the period	0	363	1,033	(86)	1,310
At 30 June 2019	40,059	7,917	83,744	46	131,766

(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 six months period ended 30 June 2019 - Unaudited

	30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation	1,273	1,301
Adjustment for :		
Depreciation & amortisation	2,795	2,727
Finance cost	2,205	2,023
Interest income	(107)	(123)
Net gain on disposal of property, plant and equipment	(574)	(14)
Net fair value loss / (gain) on financial assets	0	74
Dividend income	(4)	(3)
Operating profit before changes in working capital	5,588	5,985
Changes in working capital :		
Inventories	6,426	(5,920)
Trade and other receivables	(8,819)	(8,758)
Payables and accruals	(11,272)	(6,776)
Cash used in operations	(8,077)	(15,469)
Tax refunded	532	15
Tax paid	(1,174)	(1,550)
Net cash used in operating activities	(8,719)	(17,004)
Cash flows from investing activities		
Interest income	107	123
Dividend income	4	7
Acquisition of property, plant and equipment	(1,617)	(4,362)
Acquisition of other investments	(80)	(20)
Acquisition of intangible assets	(16)	(43)
Proceeds from disposal of :		
- property, plant and equipment	800	17
- other investments	794	1,051
Net cash used in investing activities	(8)	(3,227)
Cash flows from financing activities		
Dividend paid to shareholders	0	(401)
Finance cost	(2,205)	(2,023)
Drawdown/(Repayment) of bank borrowings	9,738	12,537
Drawdown/(Repayment) of finance lease liabilities	422	(339)
Net cash generated from financing activities	7,955	9,774
Net (decrease) / increase in cash and cash equivalents	(772)	(10,457)
Cash and cash equivalents at beginning of financial period	25,708	32,215
Effect of exchange rate changes	202	(715)
Cash and cash equivalents at end of financial period	25,138	21,043

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

	As at 30 June 2019 RM'000	As at 30 June 2018 RM'000
Cash and bank balances	28,509	24,046
Bank overdrafts	(3,371)	(3,003)
	25,138	21,043

(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 second financial quarter ended 30 June 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 30 June 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 second financial quarter ended 30 June 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	-	-	77,739	76,251	980	2,300	-	-	78,719	78,551
Overseas	-	-	94,482	83,681	4,871	2,460	-	-	99,353	86,141
Internal	3,357	3,612	7,371	5,894	30,016	28,749	(40,744)	(38,255)	-	-
Total revenue	3,357	3,612	179,592	165,826	35,867	33,509	(40,744)	(38,255)	178,072	164,692
Segment results	(2,091)	(1,751)	4,167	5,391	1,253	(401)	42	(38)	3,371	3,201
Finance cost									(2,205)	(2,023)
Interest income									107	123
Loss before tax									1,273	1,301
Tax										
(expense)/profit									(326)	(671)
Net loss									947	630

Year 2019 refers to 6 months period ended 30.06.2019 as compare to the corresponding 6 months in the preceding year.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 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 30.06.2019, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM159.40 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM7.04 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:

	30/06/19 RM'000	30/06/18 RM'000
Directors of the Company	856	868
Other key management personnel	2,989	3,090

14. Related party transactions

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

	Transaction value 6 months ended		Balance as at	
	30/06/19 RM'000	30/06/18 RM'000	30/06/19 RM'000	30/06/18 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 second financial quarter ended 30 June 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 RM100.31 million for the current quarter under review representing an increase of 12.4% over revenue of RM89.26 million of previous corresponding quarter.

The Group recorded profit before tax of RM1.88 million for the current quarter under review representing a decrease of 27.6% over profit before tax of RM2.59 million of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM178.07 million for the current period under review representing a decrease of 8.1% over revenue of RM164.69 million of previous corresponding period.

The Group recorded profit before tax of RM1.27 million for the current period under review representing a marginal decrease of 2.1% over profit before tax of RM1.30 million of previous corresponding period.

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 8.3% as compared to previous corresponding quarter. Overseas sales improved by 12.9% mainly contributed by both Singapore and Dubai subsidiaries, further amplified by the weakening against local currency. In addition, the local sales slightly increased by 2.0% due to early festival celebration in the local market.

However, the division's results decreased by 22.7% as compared to last corresponding quarter due to the deteriorating margin in the competitive local market.

3) Manufacturing Division

The revenue in Manufacturing Division has increased by 7.0% as compared to previous corresponding quarter which is mainly due to the improvement in sales from overseas market and inter-companies.

The division has recorded a profit representing a turnaround of 412.5% 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 second financial quarter ended 30 June 2019

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	
	2019	2018			2019	2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	100,305	89,255	11,050	12.4%	178,072	164,692	13,380	8.1%
Profit before interest and tax	2,976	3,651	(675)	-18.5%	3,371	3,201	170	5.3%
Profit before tax	1,877	2,592	(715)	-27.6%	1,273	1,301	(28)	-2.2%
Profit after tax	1,584	1,781	(197)	-11.1%	947	630	317	50.3%
Profit attributable to Equity Holders of the Parent	1,645	1,837	(192)	-10.5%	1,033	723	310	42.9%

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding	Variance	
	30 June 2019	31 March 2019		
	RM'000	RM'000	RM'000	%
Revenue	100,305	77,767	22,538	29.0%
Profit before interest and tax	2,976	395	2,581	653.4%
Profit before tax	1,877	(604)	2,481	-410.8%
Profit after tax	1,584	(637)	2,221	-348.7%
Profit attributable to Equity Holders of the Parent	1,645	(612)	2,257	-368.8%

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM100.31 million for the current quarter under review, representing an increase of 29.0% as compared to RM77.77 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM1.88 million, representing a turnaround of 410.8% as compared to the preceding quarter's loss before tax of RM0.60 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 second financial quarter ended 30 June 2019

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	Individual period		Cumulative period	
	30/06/19 RM'000	30/06/18 RM'000	30/06/19 RM'000	30/06/18 RM'000
- Current tax expense	12	634	136	785
- Deferred tax expense	281	177	190	(114)
Total	293	811	326	671

The group's effective tax rate for the period ended 30 June 2019 is 25.6%.

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	30/06/19 RM'000	Foreign Currency '000	31/12/18 RM'000
Bank Overdrafts				
Secured		297		299
Unsecured		3,073		1,999
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		38,486		28,721
Unsecured – denominated in foreign currency	SGD2,027	6,203	SGD1,623	4,921
Revolving Credit				
Denominated in Ringgit Malaysia		10,687		10,759
Denominated in foreign currency	SGD900	2,754	SGD900	2,729
Total		61,500		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 7.22% to 8.39% (2018 – 7.47% to 8.65%) per annum. The banker acceptances bear interest at rates ranging from 3.98% to 5.11% (2018 – 1.70% to 5.25%) per annum.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 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	30/06/19 RM'000	Foreign Currency '000	31/12/18 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,940		1,973
Secured – Denominated in foreign currency	SGD203	620	SGD203	615
Total		<u>2,560</u>		<u>2,588</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		20,663		21,584
Secured – Denominated in foreign currency	SGD3,175	9,717	SGD3,275	9,931
Total		<u>30,380</u>		<u>31,515</u>
Grand Total		<u>32,940</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	32,940	2,560	2,036	8,939	19,405
Total	<u>32,940</u>	<u>2,560</u>	<u>2,036</u>	<u>8,939</u>	<u>19,405</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% (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:-

	30/06/19 RM'000	31/12/18 RM'000
Hire Purchase Creditors	3,189	2,661
Less: Interest in suspense	319	217
Balance	<u>2,870</u>	<u>2,444</u>
Repayable within one year	1,205	997
Repayable one to five years	1,665	1,447
Balance	<u>2,870</u>	<u>2,444</u>

The finance lease liabilities bear interest at rates ranging from 1.80% to 4.59% (2018 – 1.80% to 5.89%) per annum.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 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 1st quarter results announced on 24 May 2019, the Court has fixed the next Case Management on 10 July 2019 and subsequently to 26 August 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. KEMSB has filed with the Court the duly sealed Creditor's Petition and the Affidavit verifying petition both dated 22 July 2019 and the next Case Management has been fixed on 5 August 2019.

The Honourable Court has fixed the next Hearing for the creditor's petition on 1 October 2019, pending the personal or substituted service of the creditor's petition on Mr. Vasudevan a/l S Periasamy.

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 30.06.19	Preceding year corresponding quarter 30.06.18	Six Months to 30.06.19	Six Months to 30.06.18
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,645	1,837	1,033	723
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	4.11	4.59	2.58	1.80

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

	Individual Period		Cumulative Period	
	30.06.19 RM '000	30.06.18 RM '000	Six Months to 30.06.19 RM '000	Six Months to 30.06.18 RM '000
Depreciation & Amortisation	1,438	1,345	2,795	2,727
Net gain on disposal of property, plant and equipment	-	-	(574)	(14)
Foreign exchange loss / (gain)	259	(105)	368	(209)