

**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 2013

**Condensed Consolidated Statement of Comprehensive Income  
For the six months period ended 30 June 2013 - Unaudited**

	Individual Period		Cumulative Period	
	30 June		30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	96,205	80,782	157,544	135,689
Cost of sales	64,850	56,094	105,440	93,874
Gross profit	31,355	24,688	52,104	41,815
Other operating income	1,913	513	3,583	797
Interest income	55	73	123	153
Operating expenses	24,642	20,311	43,943	35,427
Finance cost	761	861	1,501	1,425
Profit before tax	7,920	4,102	10,366	5,913
Tax expense	1,495	1,041	2,131	1,488
Net profit for the period	6,425	3,061	8,235	4,425
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
<i>Foreign exchange translation difference</i>	10	626	(196)	396
Total comprehensive income	6,435	3,687	8,039	4,821
Profit attributable to:				
Equity holders of the parent	6,425	3,061	8,235	4,425
Non-controlling interest	-	-	-	-
	6,425	3,061	8,235	4,425
Basic earning per share attributable to equity holders of the parent (sen)	16.04	7.64	20.56	11.05

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

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

Condensed Consolidated Statement of Financial Position  
As at 30 June 2013 - Unaudited

	As at 30 June 2013 RM'000	As at 31 December 2012 RM'000
<b>ASSETS</b>		
<i>Non-current assets</i>		
Property, plant and equipment	46,098	36,589
Prepaid lease payments	2,397	2,496
Investment property	3,090	3,090
Intangible assets	3,957	3,927
Deferred Tax Assets	2,165	4,100
	<u>57,707</u>	<u>50,202</u>
<i>Current assets</i>		
Other Investment	1,203	1,164
Trade and other receivables	81,881	62,580
Inventories	53,288	57,119
Current tax assets	472	105
Cash and cash equivalents	29,482	34,513
Assets classified as held for sale	3,503	5,292
	<u>169,829</u>	<u>160,773</u>
<b>TOTAL ASSETS</b>	<u>227,536</u>	<u>210,975</u>
<b>EQUITY AND LIABILITIES</b>		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	137	333
Reserves	58,637	50,402
Total equity attributable to owner of the Company	<u>98,833</u>	<u>90,794</u>
<b>Total equity</b>	<u>98,833</u>	<u>90,794</u>
<i>Non Current liabilities</i>		
Borrowings	23,645	21,639
Deferred tax liabilities	1,396	3,314
	<u>25,041</u>	<u>24,953</u>
<i>Current liabilities</i>		
Trade and other payables	54,654	49,359
Loans and borrowings	47,245	45,066
Current tax liabilities	1,763	803
	<u>103,662</u>	<u>95,228</u>
<b>Total liabilities</b>	<u>128,703</u>	<u>120,181</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>227,536</u>	<u>210,975</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>2.47</u>	<u>2.27</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

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

**Condensed Consolidated Statement of Changes in Equity**  
For the six months ended 30 June 2013 - Unaudited

	← Attributable to Equity Holders of the Parent →			Total RM'000
	Share Capital RM'000	Non Distributable Translation Reserve RM'000	Distributable Retained Earnings RM'000	
<b><u>6 months ended 30 June 2012</u></b>				
At 1 January 2012	40,059	(256)	42,199	82,002
Total comprehensive income for the period	0	396	4,425	4,821
Dividends to shareholders	0	0	0	0
At 30 June 2012	<u>40,059</u>	<u>140</u>	<u>46,624</u>	<u>86,823</u>
<b><u>6 months ended 30 June 2013</u></b>				
At 1 January 2013	40,059	333	50,402	90,794
Total comprehensive income for the period	0	(196)	8,235	8,039
At 30 June 2013	<u>40,059</u>	<u>137</u>	<u>58,637</u>	<u>98,833</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 2012)

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

**Condensed Consolidated Statement of Cash Flows**  
For the six months period ended 30 June 2013 - Unaudited

	30 June 2013 RM'000	30 June 2012 RM'000
Profit before taxation	10,366	5,913
Adjustment for :		
Depreciation & amortisation	1,596	1,470
Finance cost	1,501	1,425
Interest income	(123)	(153)
Net gain on disposal of property, plant and equipment	(2,437)	(30)
Change in fair value of financial assets	(38)	(16)
Operating profit before changes in working capital	<u>10,865</u>	<u>8,609</u>
Changes in working capital :		
Inventories	3,831	2,276
Trade and other receivables	(19,301)	(13,853)
Payables and accruals	5,295	(358)
Cash generated from / (used in) operations	<u>690</u>	<u>(3,326)</u>
Tax refunded	83	132
Tax paid	(1,483)	(1,707)
Net cash used in operating activities	<u>(710)</u>	<u>(4,901)</u>
Cash flows from investing activities		
Acquisition of subsidiaries' net assets	0	(4,399)
Interest income	123	153
Acquisition of property, plant and equipment	(3,819)	(1,516)
Acquisition of intangible assets	(37)	(3)
Proceeds from disposal of :		
- asset held for sale	2,958	0
- property, plant and equipment	3,004	38
Net cash generated from / (used in) investing activities	<u>2,229</u>	<u>(5,727)</u>
Cash flows from financing activities		
Finance cost	(1,501)	(1,425)
(Repayment) / drawdown of bank borrowings	(4,669)	7,779
Repayment of hire purchase liabilities	(492)	(519)
Net cash (used in) / generated from financing activities	<u>(6,662)</u>	<u>5,835</u>
Net decrease in cash and cash equivalents	<u>(5,143)</u>	<u>(4,793)</u>
Cash and cash equivalents at beginning of financial period	33,023	26,178
Effect of exchange rate changes	(412)	184
Cash and cash equivalents at end of financial period	<u>27,468</u>	<u>21,569</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000
Cash and bank balances	29,482	22,727
Bank overdrafts	(2,014)	(1,158)
	<u>27,468</u>	<u>21,569</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2013

## 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 2012.

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 2012.

### 2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 30 June 2013 are consistent with those adopted in audited financial statements for the year ended 31 December 2012.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

#### **MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012**

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
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#### **MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013**

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investment in Associates and Joint Ventures (as amended by IASB in May 2011)
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IC Interpretation 20	Stripping costs in the Production Phase of a Surface Mine
Amendments to MFRS 1	Government Loans
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle)
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009 -2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)

## **KHIND HOLDINGS BERHAD**

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2013

### **2. Significant Accounting Policies (continued)**

Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

#### **MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
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#### **MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
Amendments to MFRS 7	Disclosures – Mandatory effective date of MFRS 9 and transition disclosures

### **3. Audit qualification**

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2012 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 during the current quarter.

## KHIND HOLDINGS BERHAD

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### 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

	Investment holding		Trading & service		Manufacturing		Elimination		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Turnover</b>										
External										
Local	-	-	82,106	76,964	5,487	2,719			87,593	79,683
Overseas	-	-	59,918	49,020	10,033	6,986			69,951	56,006
Internal	2,667	2,642	3,944	2,247	34,051	27,486	(40,662)	(32,375)	-	-
Total revenue	<u>2,667</u>	<u>2,642</u>	<u>145,968</u>	<u>128,231</u>	<u>49,571</u>	<u>37,191</u>	<u>(40,662)</u>	<u>(32,375)</u>	<u>157,544</u>	<u>135,689</u>
Segment results	(2,095)	(1,329)	7,609	5,728	3,434	2,613	83	(13)	9,031	6,999
Other income									2,713	-
Finance cost									(1,501)	(1,215)
Interest income									123	129
Profit before tax									<u>10,366</u>	<u>5,913</u>
Tax expense									<u>(2,131)</u>	<u>(1,488)</u>
Net profit									<u>8,235</u>	<u>4,425</u>

Year 2013 refers to 6 months period ended 30.6.2013 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 30.6.2013, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM133.58 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM15.13 million.

## KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2013

### 14. Capital and other commitment

	RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided	<u>3,840</u>

### 15. 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:

	30/6/13 RM'000	30/6/12 RM'000
Directors of the Company	1,251	1,124
Other key management personnel	3,707	3,527

### 16. Related party transactions

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

	Transaction value 6 months ended		Balance as at	
	30/6/13 RM'000	30/6/12 RM'000	30/6/13 RM'000	30/6/12 RM'000
<i>Sales to :-</i>				
HSL E & E Corp (M) Sdn Bhd	-	65	-	14
<i>Purchase from :-</i>				
- Hupson Industries Sdn Bhd	-	30	-	30

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 2013

### **ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

#### **1. Review of Performance**

The Group recorded revenue of RM96.21 million for the current quarter under review representing an increase of 19.1% over revenue of RM80.78 million of previous corresponding quarter. The increase was mainly due to improvement in both local and Middle East market.

The Group recorded profit before tax of RM7.92 million for the current period under review representing an increase of 93.2% over profit before tax of RM4.10 million of previous corresponding quarter. The increase mainly attributed to higher overall revenue coupled with improved gross profit margin resulted from increase in sales of high margin products and gains derived from the sale of a property by its subsidiary, Mistral (Singapore) Pte Ltd.

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

##### **1) Investment Holdings Division**

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

##### **2) Trading and Service Division**

The revenue in Trading and Service Division recorded an increase of 13.8% as compared to last corresponding quarter mainly due to continued improvement in local and Middle East market.

In tandem with the increase in revenue and gain on sale of property, profit before tax increased substantially by 82.8% as compared to last corresponding quarter.

##### **3) Manufacturing Division**

The 33.3% increase in revenue of Manufacturing Division attributed to higher demand from both local and export market, coupled with stronger support from inter companies.

Profit before tax improved by 39.1% as compared to previous corresponding period mainly due to higher revenue and effective cost control.

#### **2. Variation of results against immediate preceding quarter**

The Group recorded revenue of RM96.21 million for the current quarter under review, representing an increase of 56.8% as compared to RM61.34 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM7.92 million, representing an increase of 223.8% as compared to the preceding quarter of RM2.45 million.

#### **3. Commentary on prospect**

Despite the challenging and competitive business condition, the Board of Directors is pleased with the good performance achieved in the current quarter, which was mainly attributed to the Group's adoption of right measures and aggressive marketing strategies coupled with the contribution from newly acquired companies.

The Board of Directors is optimistic on the Group's outlook for this year.

## KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2013

### 4. Profit forecast

Not applicable as no profit forecast was published.

### 5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	30/6/13 RM'000	30/6/12 RM'000	30/6/13 RM'000	30/6/12 RM'000
- Current tax expense	1,719	703	2,086	1,390
- Deferred tax expense	(224)	338	45	98
Total	<u>1,495</u>	<u>1,041</u>	<u>2,131</u>	<u>1,488</u>

The group's effective tax rate for the quarter ended 30 June 2013 is 20.6%. The low tax rate is mainly due to the capital gain on sale of property in its overseas subsidiary.

### 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	30/6/13 RM'000	Foreign Currency '000	31/12/12 RM'000
<b>Bank Overdrafts</b>				
Secured		446		415
Unsecured		1,568		1,075
<b>Banker Acceptances</b>				
Unsecured – denominated in Ringgit Malaysia		31,149		27,439
Unsecured – denominated in foreign currency	SGD1,671	4,171	SGD2,743	6,977
<b>Revolving Credit</b>				
Denominated in Ringgit Malaysia		2,250		1,650
Denominated in foreign currency	SGD2,200	5,492	SGD2,200	5,595
Total		<u>45,076</u>		<u>43,151</u>

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 ranging from 8.09% - 11.25% (2012 – 8.09% to 11.25%) per annum. The banker acceptances bear interest at rates ranging from 3.53% to 5.89% (2012 – 3.53% to 5.89%) per annum.

## KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2013

### 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	30/6/13 RM'000	Foreign Currency '000	31/12/12 RM'000
<b>Current Term Loans</b>				
Secured – Denominated in Ringgit Malaysia		819		669
Secured – Denominated in foreign currency	SGD213	531	SGD177	451
Total		<u>1,350</u>		<u>1,120</u>
<b>Non-Current Term Loans</b>				
Secured – Denominated in Ringgit Malaysia		14,485		18,025
Secured – Denominated in foreign currency	SGD3,235	8,075	SGD940	2,392
Total		<u>22,560</u>		<u>20,417</u>
Grand Total		<u>23,910</u>		<u>21,537</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	23,910	1,350	1,128	3,438	17,994
Total	<u>23,910</u>	<u>1,350</u>	<u>1,128</u>	<u>3,438</u>	<u>17,994</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 2.61% to 5.34% (2012 – 2.61% to 5.34%) per annum.

#### (c) Hire Purchase Creditors

Details of the Group's hire purchase creditors as at the end of this reporting period:-

	30/6/13 RM'000	31/12/12 RM'000
Hire Purchase Creditors	2,066	2,213
Less: Interest in suspense	163	196
Balance	<u>1,903</u>	<u>2,017</u>
Repayable within one year	818	795
Repayable one to five years	1,085	1,222
Balance	<u>1,903</u>	<u>2,017</u>

The hire purchase liabilities bear interest at rates ranging from 5.33% to 6.56% (2012 – 5.33% to 6.56%) per annum.

## KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2013

### 8. Dividend

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

### 9. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 30.6.13	Preceding year corresponding quarter 30.6.12	Six Months to 30.6.13	Six Months to 30.6.12
Net profit attributable to ordinary equity holders of the parent (RM'000)	6,425	3,061	8,235	4,425
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	16.04	7.64	20.56	11.05

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.

### 10. Disclosure of realised and unrealised retained profits

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

	As at 30.6.13 (RM'000)	As at 31.12.12 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	58,119	47,678
- Unrealised	(361)	(655)
Consolidation adjustments	878	3,379
Total Group retained profits as per consolidated accounts	58,636	50,402

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

	Individual Period		Cumulative Period	
	30.6.13 RM '000	30.6.12 RM '000	Six Months to 30.6.13 RM '000	Six Months to 30.6.12 RM '000
Depreciation & Amortisation	801	783	1,596	1,470
Net gain on disposal of property, plant and equipment	(1,248)	(50)	(2,437)	(30)
Foreign exchange gain	(153)	(244)	(177)	(439)