

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 2016

Condensed Consolidated Statement of Comprehensive Income
For the six months period ended 30 June 2016 - Unaudited

	Individual Period		Cumulative Period	
	30 June		30 June	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	104,575	87,278	188,552	161,407
Cost of sales	(69,576)	(58,201)	(127,643)	(110,686)
Gross profit	34,999	29,077	60,909	50,721
Other operating income	1,658	502	3,121	1,468
Interest income	64	65	136	157
Operating expenses	(28,546)	(24,523)	(53,581)	(47,061)
Finance cost	(1,040)	(949)	(1,897)	(1,753)
Profit before tax	7,135	4,172	8,688	3,532
Tax expense	(1,720)	(907)	(1,867)	(769)
Net profit for the period	5,415	3,265	6,821	2,763
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
<i>Foreign exchange translation difference</i>	1,065	1,126	(1,188)	2,186
Total comprehensive income	6,480	4,391	5,633	4,949
Profit attributable to:				
Equity holders of the parent	5,415	3,265	6,821	2,763
Non-controlling interest	0	0	0	0
	5,415	3,265	6,821	2,763
Basic earning per share attributable to equity holders of the parent (sen)	13.52	8.15	17.03	6.90

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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

Condensed Consolidated Statement of Financial Position
As at 30 June 2016 - Unaudited

	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	57,716	58,034
Prepaid lease payments	1,892	1,901
Investment property	2,874	2,905
Intangible assets	4,067	3,998
Deferred Tax Assets	2,909	3,344
	<u>69,458</u>	<u>70,182</u>
<i>Current assets</i>		
Other Investment	1,343	1,477
Trade and other receivables	82,631	70,257
Inventories	78,049	75,816
Current tax assets	162	1,672
Cash and cash equivalents	48,842	37,460
	<u>211,027</u>	<u>186,682</u>
TOTAL ASSETS	<u>280,485</u>	<u>256,864</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	40,059	40,059
Translation reserve	6,758	7,946
Reserves	80,984	74,163
Total equity attributable to owner of the Company	<u>127,801</u>	<u>122,168</u>
Total equity	<u>127,801</u>	<u>122,168</u>
<i>Non Current liabilities</i>		
Borrowings	35,928	30,002
Deferred tax liabilities	1,673	1,880
	<u>37,601</u>	<u>31,882</u>
<i>Current liabilities</i>		
Trade and other payables	56,441	52,942
Loans and borrowings	57,642	49,062
Current tax liabilities	1,000	810
	<u>115,083</u>	<u>102,814</u>
Total liabilities	<u>152,684</u>	<u>134,696</u>
TOTAL EQUITY AND LIABILITIES	<u>280,485</u>	<u>256,864</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>3.19</u>	<u>3.05</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016 - Unaudited

	← Attributable to Equity Holders of the Parent →			
	Share Capital RM'000	Non Distributable Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000
6 months ended 30 June 2015				
At 1 January 2015	40,059	2,337	70,787	113,183
Total comprehensive income for the period	0	2,186	2,763	4,949
At 30 June 2015	<u>40,059</u>	<u>4,523</u>	<u>73,550</u>	<u>118,132</u>
6 months ended 30 June 2016				
At 1 January 2016	40,059	7,946	74,163	122,168
Total comprehensive income for the period	0	(1,188)	6,821	5,633
At 30 June 2016	<u>40,059</u>	<u>6,758</u>	<u>80,984</u>	<u>127,801</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 2015)

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

Condensed Consolidated Statement of Cash Flows
For the six months period ended 30 June 2016 - Unaudited

	30 June 2016 RM'000	30 June 2015 RM'000
Profit before taxation	8,688	3,532
Adjustment for :		
Depreciation & amortisation	2,492	2,349
Finance cost	1,897	1,753
Interest income	(136)	(157)
Net gain on disposal of property, plant and equipment	0	(5)
Change in fair value of financial assets	135	(227)
Operating profit before changes in working capital	13,076	7,245
Changes in working capital :		
Inventories	(2,233)	(489)
Trade and other receivables	(12,374)	(3,712)
Payables and accruals	3,499	(6,164)
Cash generated from/ (used in) operations	1,968	(3,120)
Tax refunded	1,630	1,225
Tax paid	(1,443)	(1,797)
Net cash generated from / (used in) operating activities	2,155	(3,692)
Cash flows from investing activities		
Interest income	136	157
Acquisition of property, plant and equipment	(2,484)	(2,266)
Acquisition of intangible assets	(85)	(16)
Withdrawal of fixed deposits	0	370
Proceeds from disposal of :		
- property, plant and equipment	46	27
Net cash used in investing activities	(2,387)	(1,728)
Cash flows from financing activities		
Finance cost	(1,897)	(1,753)
Drawdown / (repayment) of bank borrowings	15,772	(1,061)
Repayment of hire purchase liabilities	(462)	(584)
Net cash generated from / (used in) financing activities	13,413	(3,398)
Net increase / (decrease) in cash and cash equivalents	13,181	(8,818)
Cash and cash equivalents at beginning of financial period	35,058	38,586
Effect of exchange rate changes	(1,075)	929
Cash and cash equivalents at end of financial period	47,164	30,697

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

	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000
Cash and bank balances	48,842	33,025
Bank overdrafts	(1,678)	(2,328)
	47,164	30,697

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

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 2015.

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 2015.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group as at 30 June 2016 are consistent with those adopted in audited financial statements for the year ended 31 December 2015.

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 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 cycle)
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 107	Statements of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

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2. Significant Accounting Policies (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers

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

MFRS 16	Leases
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MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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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 2015 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.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Turnover										
External										
Local	-	-	91,134	74,301	6,511	6,739			97,645	81,040
Overseas	-	-	85,162	74,302	5,745	6,065			90,907	80,367
Internal	3,882	3,653	3,654	3,898	30,659	26,518	(38,195)	(34,069)	-	-
Total revenue	<u>3,882</u>	<u>3,653</u>	<u>179,950</u>	<u>152,501</u>	<u>42,915</u>	<u>39,322</u>	<u>(38,195)</u>	<u>(34,069)</u>	<u>188,552</u>	<u>161,407</u>
Segment results	(1,530)	288	10,396	4,995	2,873	2,673	(1,290)	(2,828)	10,449	5,128
Finance cost									(1,897)	(1,753)
Interest income									136	157
Profit before tax									<u>8,688</u>	<u>3,532</u>
Tax expense									(1,867)	(769)
Net profit									<u>6,821</u>	<u>2,763</u>

Year 2016 refers to 6 months period ended 30.6.2016 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 30.6.2016, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM167.93 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM17.56 million.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

14. Key management personnel compensation

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

	30/6/16 RM'000	30/6/15 RM'000
Directors of the Company	1,003	1,232
Other key management personnel	3,822	4,944

15. Related party transactions

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

	Transaction value 6 months ended		Balance as at	
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15 RM'000
<i>Sales to :-</i>				
HISL 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 2016

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 RM104.58 million for the current quarter under review representing an increase of 19.8% over revenue of RM87.28 million of previous corresponding quarter.

The Group recorded profit before tax of RM7.14 million for the current quarter under review representing an increase of 71.2% over profit before tax of RM4.17 million of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM188.55 million for the current period under review representing an increase of 16.8% over revenue of RM161.41 million of previous corresponding period.

The Group recorded profit before tax of RM8.69 million for the current period under review representing an increase of 146.2% over profit before tax of RM3.53 million of previous corresponding period.

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

1) Investment Holdings Division

Included in the previous corresponding period profit before tax is a one-off gain on controlled transferred property, plant and equipment to one of its subsidiary.

2) Trading and Service Division

The revenue in Trading and Service Division recorded an increase of 18.0% as compared to previous corresponding period. The strong revenue growth resulted from higher sales demand in both local and overseas region.

The division achieved significant improvement in profitability, recorded an increase of 108.1% as compared to last corresponding period. This was mainly driven by the improved gross profit margin contribution.

3) Manufacturing Division

The revenue in Manufacturing Division has increased by 9.1% as compared to previous corresponding period which was mainly due to higher sales from inter-companies.

The division's results has increased by 7.5% which was attributable to cost management initiatives resulted in lower operating costs and also stability in exchange rate during the quarter.

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM104.58 million for the current quarter under review, representing an increase of 24.5% as compared to RM83.98 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM7.14 million, representing an increase of 359.4% as compared to the preceding quarter of RM1.55 million.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

3. Commentary on prospect

Despite the challenging business condition, the Board of Directors is pleased with the outstanding performance achieved in the current quarter, which was mainly attributed to the increase in sales during the pre-Hari Raya month and the improved gross margin contribution.

The Board expects the Group's outlook for the year to remain challenging but is confident that the Group will continue to perform well in the coming quarter.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	30/6/16 RM'000	30/6/15 RM'000	30/6/16 RM'000	30/6/15 RM'000
- Current tax expense	1,642	835	1,656	687
- Deferred tax expense	78	72	211	82
Total	1,720	907	1,867	769

The group's effective tax rate for the period ended 30 June 2016 is 21.5%.

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	30/6/16 RM'000	Foreign Currency '000	31/12/15 RM'000
Bank Overdrafts				
Secured		-		389
Unsecured		1,678		2,012
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		43,483		28,728
Unsecured – denominated in foreign currency	SGD407	1,214	SGD2,182	6,626
Revolving Credit				
Denominated in Ringgit Malaysia		2,050		2,050
Denominated in foreign currency	SGD2,200	6,559	SGD2,200	6,680
Total		54,984		46,485

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

7. Borrowings and debt securities (Continued)

Secured bank borrowings are secured by fixed charges over the long term leasehold or freehold land and building of certain subsidiary company and are guaranteed by the Company. Unsecured bank overdraft and bankers' acceptances are guaranteed by the Company.

The bank overdrafts bear interest at rates 7.35% to 8.35% (2015 – 7.60% to 8.85%) per annum. The banker acceptances bear interest at rates ranging from 3.93% to 4.81% (2015 – 4.31% to 6.50%) per annum.

(b) Term Loans

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

	Foreign Currency '000	30/6/16 RM'000	Foreign Currency '000	31/12/15 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,358		1,189
Secured – Denominated in foreign currency	SGD195	581	SGD181	549
Total		<u>1,939</u>		<u>1,738</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		23,450		16,779
Secured – Denominated in foreign currency	SGD3,763	11,221	SGD3,876	11,768
Total		<u>34,671</u>		<u>28,547</u>
Grand Total		<u>36,610</u>		<u>30,285</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	36,610	1,939	1,997	6,054	26,620
Total	<u>36,610</u>	<u>1,939</u>	<u>1,997</u>	<u>6,054</u>	<u>26,620</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 1.88% to 8.20% (2015 – 1.88% to 8.10%) per annum.

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Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

7. Borrowings and debt securities (Continued)

c) Finance lease liabilities

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

	30/6/16	31/12/15
	RM'000	RM'000
Hire Purchase Creditors	2,166	2,527
Less: Interest in suspense	190	232
Balance	<u>1,976</u>	<u>2,295</u>
Repayable within one year	719	840
Repayable one to five years	1,257	1,455
Balance	<u>1,976</u>	<u>2,295</u>

The finance lease liabilities bear interest at rates ranging from 2.38% to 6.56% (2015 – 2.38% to 6.56%) per annum.

8. Material Litigation

Khind Electrical (Malaysia) Sdn Bhd (“KEMSB”), a wholly owned subsidiary of the Company had on 13 July 2015, through its solicitors, filed a winding-up petition against Maha Tenaga Jaya Technology Sdn Bhd (“MTJTSB”) at the High Court of Malaya at Kuala Lumpur as MTJTSB has failed to settle a sum of RM2,036,653.78 to KEMSB being the outstanding amount due and owing for the goods sold and delivered to MTJTSB. On 27 August 2015, the Registrar's Certificate certifying that all requirements of Rule 32(1) of the Companies (Winding-up) Rules 1972 has been granted.

The hearing of the Petition was held on 8 October 2015 and the Winding-up Order was granted. The Notice of Winding-up Orders was advertised in the newspaper on 22 October 2015 and the Government Gazette on 5 November 2015.

The Writ of Summons and Statement of Claims against guarantors have been filed on 29 March 2016. The first case management was held on 13 April 2016 with Court direction to monitor the status of defendants' appearance. The first and second defendants have filed their Memorandum of Appearance on 26 April 2016 while the fourth defendant filed his Memorandum of Appearance on 28 April 2016.

The second case management was held on 28 April 2016 and further directed to file Summary Judgement. The third case management was held on 2 June 2016 and KEMSB and MTJTSB had filed the Summary Judgement on the same day.

The hearing of the Summary Judgement was held on 27 July 2016. The judge fixed the decision on 19 August 2016 whereby the KEMSB's application was dismissed with costs in the cause.

Case management has been fixed on 21 September 2016 to take directions for trial.

9. Dividend

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

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the second financial quarter ended 30 June 2016

10. Earnings per share

	Individual Period		Cumulative Period	
	Current Quarter 30.6.16	Preceding year corresponding quarter 30.6.15	Six Months to 30.6.16	Six Months to 30.6.15
Net profit attributable to ordinary equity holders of the parent (RM'000)	5,415	3,265	6,821	2,763
Weighted average number of ordinary shares ('000)	40,059	40,059	40,059	40,059
Basic earning per share (sen)	13.52	8.15	17.03	6.90

Basic earnings per share of the Group is calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

11. Disclosure of realised and unrealised retained profits

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

	As at 30.6.16 (RM'000)	As at 31.12.15 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	81,646	70,002
- Unrealised	1,895	1,851
Consolidation adjustments	(2,562)	2,310
Total Group retained profits as per consolidated accounts	80,979	74,163

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

	Individual Period		Cumulative Period	
	30.6.16 RM '000	30.6.15 RM '000	Six Months to 30.6.16 RM '000	Six Months to 30.6.15 RM '000
Depreciation & Amortisation	1,266	1,237	2,492	2,349
Net loss / (gain) on disposal of property, plant and equipment	-	2	-	(5)
Foreign exchange loss / (gain)	(803)	(174)	(623)	450