

# **KHIND HOLDINGS BERHAD**

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## **Notes to the Interim Financial Report**

### **1. Basis of preparation**

The unaudited consolidated interim financial statements (Condensed Report) 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 (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The Condensed Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021.

### **2. Significant Accounting Policies**

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group’s financial statements but have not been adopted by the Group:

#### **Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### **Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024**

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*

#### **Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed**

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Group when they become effective.

The initial application of amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group.

# **KHIND HOLDINGS BERHAD**

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## **3. Audit qualification**

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2021 was not subject to any qualification.

## **4. Seasonal or cyclical factors**

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

## **5. Unusual items**

Other than those stated in the notes, there were no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

## **6. Changes in estimates**

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

## **7. Issuance or repayment of debts and equity securities**

There were no other issuance and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

## **8. Dividend paid**

There were no dividends paid in the current quarter.

## **9. Segment reporting**

The Group has three reportable segments, as described below, which are the Group's strategic business units.

- (i) Investment holdings – includes the holding of investment in subsidiaries
- (ii) Trading and service – includes trading of electrical products and providing general repair and rework services
- (iii) Manufacturing – includes manufacturing and distribution of electrical products

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 9. Segment reporting (Continued)

(Period ended 31.12)	Investment holding		Trading & service		Manufacturing		Elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Turnover</b>										
External										
Local	-	-	331,225	327,805	13,928	12,135	-	-	345,152	339,940
Overseas	-	-	207,309	207,614	7,116	7,345	-	-	214,424	214,960
Internal	16,325	19,064	11,438	21,411	107,251	111,647	(135,015)	(152,121)	-	-
Total revenue	16,325	19,064	549,971	556,830	128,295	131,126	(135,015)	(152,121)	559,577	554,900
Segment results	4,063	751	19,033	28,425	971	3,124	(6,844)	(2,141)	17,223	33,589
Finance cost									(3,742)	(3,429)
Interest income									190	252
Other income									6,837	2007
Profit before tax									20,509	32,419
Tax expense									(4,119)	(7,443)
Net Profit for the period									16,390	24,976

## 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 31.12.2022, the company has given corporate guarantee for banking facilities obtained by subsidiaries to meet the liabilities and financial obligations of its subsidiaries amounting to RM194.44 million. The contingent liabilities of its subsidiaries pertaining to utilise trade line facilities amounted to RM4.15 million.

## 14. Key management personnel compensation

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

	31/12/22	31/12/21
	RM'000	RM'000
Directors of the Company	1,968	2,401
Other key management personnel	3,825	7,125

# **KHIND HOLDINGS BERHAD**

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## **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 RM128.46 million for the current quarter under review representing a decrease of 6.3% over revenue of RM137.10 million of previous corresponding quarter.

The Group recorded profit before tax of RM2.59 million for the current quarter under review representing a decrease of 64.8% over profit before tax of RM7.37 million of previous corresponding quarter.

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

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

The Investment Holdings Division recorded higher revenue as compared to previous corresponding period due to higher management fees and dividends received from subsidiaries. Together with lower operating expenses, the division recorded gain before tax if compared with loss before tax in the previous corresponding period.

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

The revenue in Trading and Service Division recorded a marginal decrease by 1.8% as compared to previous corresponding period. The results were underpinned by the lower intercompany sales, mitigated by higher external sales from local as well as overseas.

However, the division's results decreased by 33.0% as compared to previous corresponding period due to declining gross margin amidst challenging market condition.

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

The revenue in Manufacturing Division has decreased slightly by 2.2% as compared to previous corresponding period which is mainly due to the decrease in intercompany sales from local and overseas.

The division's results declined by 68.9% as compared to the previous corresponding period. This is mainly attributed to the declining gross margin as a result of hike in material and freight cost. The Company continues to focus on improving efficiency and productivity.

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 1. Review of Performance (Continued)

### Financial review for current quarter and financial year to date

	Individual Period				Cumulative Period			
	31 December		Variance		31 December		Variance	
	2022	2021			2022	2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	128,463	137,103	-8,640	-6.3%	559,577	554,900	4,677	0.8%
Profit before interest and tax	3,495	8,278	-4,783	-57.8%	24,438	35,596	-11,158	-31.3%
Profit before tax	2,590	7,368	-4,778	-64.8%	20,509	32,419	-11,910	-36.7%
Profit after tax	1,582	6,157	-4,575	-74.3%	16,390	24,976	-8,586	-34.4%
Profit attributable to Equity Holders of the Parent	1,631	6,218	-4,587	-73.8%	16,678	25,276	-8,598	-34.0%

### Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 December 2022	30 September 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	128,463	140,911	-12,449	-8.8%
Profit before interest and tax	3,495	5,057	-1,562	-30.9%
Profit before tax	2,590	4,052	-1,462	-36.1%
Profit after tax	1,582	3,475	-1,893	-54.5%
Profit attributable to Equity Holders of the Parent	1,631	3,514	-1,883	-53.6%

## 2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM128.46 million for the current quarter under review, representing a decrease of 8.8% as compared to RM140.91 million in the immediate preceding quarter. Meanwhile, the Group recorded profit before tax of RM2.59 million, representing a decrease of 36.1% as compared to the preceding quarter's profit before tax of RM4.05 million, mainly due to a decline in sales in tandem with lower sales volume and gross profit margin.

## 3. Commentary on prospect

Given the uncertainties in both macro and micro economy that is triggered by geopolitical concerns, inflation and rate hikes, the Group is actively managing on the supply chain and material cost challenges, therefore will continue to embark on cost optimisation exercises as well as improving operational efficiency and expanding its regional business.

In light of the challenging global landscape in 2023, the Group remains cautious on growth prospect as market uncertainty continues. However, the Group is confident to protect our market position in Malaysia and Singapore and will continue to invest, in some cases intensify resources in people development, process methodology, data and analytics. Enhanced branding strategies of Khind, Mistral and Mayer will be formalised and executed in this year.

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 4. Profit forecast

Not applicable as no profit forecast was published.

## 5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	31/12/22	31/12/21	31/12/22	31/12/21
	RM'000	RM'000	RM'000	RM'000
- Current tax expense	1,008	1,372	3,911	8,462
- Deferred tax expense	-	(160)	208	(1,019)
Total	1,008	1,578	4,119	7,443

The group's effective tax rate for the period ended 31 December 2022 is 20.0%.

## 6. Status of corporate proposals

On 6 July 2022, Hong Leong Investment Bank (“HLIB”) announced on behalf of the Board of Directors that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of the Company to be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was renewed and obtained from the shareholders of the Company at its 26<sup>th</sup> Annual General Meeting convened on 27 May 2022.

On 7 July 2022, HLIB announced on behalf of the Board that the additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities.

On 14 July 2022, HLIB announced on behalf of the Board that Bursa Securities had, vide its letter dated 13 July 2022, approved the listing and quotation of up to 4,000,000 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 16 August 2022, HLIB announced on behalf of the Board that the issue price for the first tranche of the Private Placement has been fixed at RM2.63 per Placement Share representing a discount of approximately 9.96% to the 5-day volume weighted average market price of Khind Shares up to and including 15 August 2022 of RM2.9211 per Khind Share.

On 25 August 2022, the first tranche of the Private Placement has been completed following the listing and quotation of 1,980,000 Placement Shares on the Main Market of Bursa Securities, raising total gross proceeds of RM5,207,400.

On 3 January 2023, the Company has decided not to place out the remaining 2,020,000 Placement Shares out of the 4,000,000 Placement Shares that was approved by Bursa Securities. As such, the Private Placement is deemed completed.

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 7. Status of utilisation of proceeds raised from the Private Placement

The status of utilisation of proceeds gross proceeds arising from the Private Placement amounting to RM5,207,400 and its utilisation is disclosed in the following manner as at 31 December 2022:

Details	Total Proposed Utilisation RM'000	Gross Proceeds (1st Tranche) RM'000	Actual utilisation (1 <sup>st</sup> Tranche) RM'000	Unutilised Proceeds (1 <sup>st</sup> Tranche) RM'000	Intended timeframe for utilisation
Working capital	9,780	5,188	-	5,188	Within 12 months
Estimated expenses for the Proposed Private Placement	300	19	(19)	-	Within 6 months
<b>Total gross proceeds</b>	<b>10,080</b>	<b>5,207</b>	<b>(19)</b>	<b>5,188</b>	

## 8. 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	31/12/22 RM'000	Foreign Currency '000	31/12/21 RM'000
<b>Bank Overdrafts</b>				
Secured		400		-
Unsecured		1,579		912
<b>Banker Acceptances</b>				
Unsecured – denominated in Ringgit Malaysia		43,547		58,640
<b>Revolving Credit</b>				
Denominated in Ringgit Malaysia		2,500		2,500
Denominated in foreign currency	SGD -	-	SGD500	1,545
Total		<u>48,027</u>		<u>63,597</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 5.97% to 7.64% (2021 – 6.35% to 6.89%) per annum. The banker acceptances bear interest at rates ranging from 1.33% to 5.45% (2021 – 1.32% to 3.56%) per annum.

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 8. 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	31/12/22 RM'000	Foreign Currency '000	31/12/21 RM'000
<b>Current Term Loans</b>				
Secured – Denominated in Ringgit Malaysia		1,364		1,896
Secured – Denominated in foreign currency	SGD241	791	SGD237	733
Total		<u>2,155</u>		<u>2,629</u>
<b>Non-Current Term Loans</b>				
Secured – Denominated in Ringgit Malaysia		6,843		12,731
Secured – Denominated in foreign currency	SGD2,330	7,646	SGD2,586	7,941
Total		<u>14,489</u>		<u>20,672</u>
Grand Total		<u>16,644</u>		<u>23,301</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	16,644	2,155	2,198	5,067	7,223
Total	<u>16,644</u>	<u>2,155</u>	<u>2,198</u>	<u>5,067</u>	<u>7,223</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 1.61% to 4.58% (2021 – 1.47% to 5.02%) per annum.

### (c) Hire purchase liabilities

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

	31/12/22 RM'000	31/12/21 RM'000
Hire Purchase Creditors	2,737	3,507
Less: Interest in suspense	206	312
Balance	<u>2,531</u>	<u>3,195</u>
Repayable within one year	1,404	1,384
Repayable one to five years	1,127	1,811
Balance	<u>2,531</u>	<u>3,195</u>

The finance lease liabilities bear interest at rates ranging from 2.20% to 4.60% (2021 – 1.95% to 4.60%) per annum.



# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 9. Material Litigation

There was no impending material litigation as at 15 February 2022, being the date not earlier than 7 days from the date of this announcement.

## 10. Dividend

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

## 11. Earnings per share

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Quarter 31.12.22	Preceding year corresponding quarter 31.12.21	Twelve Months to 31.12.22	Twelve Months to 31.12.21
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,631	6,217	16,678	25,276
Weighted average number of ordinary shares ('000)	42,039	40,059	40,791	40,059
Basic earnings per share (sen)	3.88	15.52	40.89	63.10

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.

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

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Quarter 31.12.22	Preceding year corresponding quarter 31.12.21	Twelve Months to 31.12.22	Twelve Months to 31.12.21
(RM'000)				
Depreciation & Amortisation	1,939	1,838	8,044	7,932
Net gain on disposal of property, plant and equipment	(149)	(666)	(8,552)	(1,983)
Foreign exchange (gain)/loss	429	556	(47)	498

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the fourth financial quarter ended 31 December 2022

## 13. Changes in comparatives

The Group has effected certain reclassifications principally to more appropriately reflect the nature of incentives given to its customers and the detailed disclosure requirements of MFRS 15, Revenue from Contracts with Customers.

The changes in certain comparative amounts to conform to the current year's financial statements of the Group are as follows:

	As previously reported	Reclassification	As restated
(RM'000)			
Group			
Revenue	579,248	24,348	554,900
Operating expenses	155,632	24,348	131,284