

# KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the first financial quarter ended 31 March 2024

## 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 2023.

### 2. Significant Accounting Policies

#### 2.1 Amendments to MFRSs adopted

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group adopted amendments to MFRS as follows:

##### **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 and Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of these amendments to MFRS did not result in significant changes in the accounting policies of the Group and have no significant effect on the financial performance or position of the Group.

#### 2.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of this Condensed Report, but have not been adopted by the Group:

##### **Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025**

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

##### **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*

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

### **2.2 Amendments to MFRSs not yet effective (Continued)**

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.

## **3. Audit qualification**

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2023 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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## 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

(Period ended 31.03)	Investment holding		Trading & service		Manufacturing		Elimination		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	-	-	64,554	70,197	3,488	2,535	-	-	68,042	72,733
Overseas	-	-	47,485	45,023	2,091	790	-	-	49,576	45,813
Internal	1,695	1,752	6,713	4,177	22,605	22,332	(31,013)	(28,261)	-	-
Total revenue	1,695	1,752	118,752	119,397	28,184	25,657	(31,013)	(28,261)	117,618	118,545
Segment results	(1,252)	(924)	937	1,170	748	(131)	1,068	980	1,501	1,095
Finance cost									(985)	(934)
Interest income									177	96
Other income									575	491
Profit before tax									1,268	748
Tax expense									(321)	(332)
Net Profit for the period									947	416

## 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 events during the financial period

There was no significant event during the current quarter ended 31 March 2024.

## 12. 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.

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## **13. Changes in the composition of the group**

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

## **14. Contingent liabilities**

There were no material changes in contingent liabilities or contingent assets since the last annual reporting date.

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## **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 RM117.62 million for the current quarter under review representing a slight decrease of 0.78% over revenue of RM118.55 million of previous corresponding quarter.

However, the Group had improved profitability with profit before tax of RM0.95 million for the current quarter under review compared to profit before tax of RM0.42 million of previous corresponding quarter mainly due to improved gross profit margin.

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

#### 1) Investment Holdings Division

The Investment Holdings Division recorded lower revenue as compared to previous financial year due to lower management fees from subsidiaries amid low profitability by the subsidiaries and coupled with increasing operating expenses. As a result, the division recorded higher segmental loss for the current period.

#### 2) Trading and Service Division

The revenue in Trading and Service Division recorded a minor decrease by 0.54% as compared to previous corresponding period. The results were underpinned by weak market condition due to rising cost of living eroded purchasing power of consumers.

Despite slight improvement in gross profit margin, increased operating expenses amid rising cost of business had resulted the division's results decreased by 19.91% as compared to previous corresponding period.

#### 3) Manufacturing Division

The revenue in Manufacturing Division has increased by 9.85% as compared to previous corresponding period which were mainly driven by higher external sales.

The division's results recorded segmental profit as compared to segmental loss in previous corresponding period mainly attributable to improved profitability due to rightsizing exercise performed during 2H2023.

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## 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	
	2024	2023			2024	2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	117,618	118,545	(927)	-0.8%	117,618	118,545	(927)	-0.8%
Profit before interest and tax	2,075	1,586	489	31%	2,075	1,586	489	30.9%
Profit before tax	1,268	748	520	70%	1,268	748	520	69.5%
Profit after tax	947	416	531	>100%	947	416	531	>100%
Profit attributable to Equity Holders of the Parent	1,021	438	583	>100%	1,021	438	583	>100%

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

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 March 2024	31 December 2023		
	RM'000	RM'000	RM'000	%
Revenue	117,618	120,259	(2,641)	-2.2%
Profit before interest and tax	2,075	8,031	(5,955)	-74.2%
Profit before tax	1,268	7,358	(6,090)	-82.8%
Profit after tax	947	5,308	(4,361)	-82.2%
Profit attributable to Equity Holders of the Parent	1,021	5,341	(4,320)	-80.9%

## 2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM117.62 million for the current quarter under review, representing an increase of 2.2% as compared to RM120.26 million in the immediate preceding quarter. Meanwhile, the Group recorded lower profit before tax of RM1.27 million as compared to the preceding quarter's profit before tax of RM7.36 million, contributed by non-operating gain in 4Q2023, coupled with lower gross profit and higher operating expenses in the current quarter under review due to increase in business operating cost.

## 3. Commentary on prospect

The economic outlook for Malaysia is anticipated to exhibit moderate growth, with a GDP forecast ranging between 4% and 5% for the year 2024. However, persistent geopolitical tensions, inflationary pressures, and intense competition from both local and international brands pose ongoing challenges.

Amid the challenges, the Group will continue the strategy that we had set out start of the year, to address market needs, proactively managing supply chain and material cost challenges, optimizing operations, and enhancing operational efficiency. The Group's focus is to continuously improve market share and profitability.

## 4. Profit forecast

Not applicable as no profit forecast was published.

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## 5. Tax expense

	<u>Individual period</u>		<u>Cumulative period</u>	
	31.03.24	31.03.23	31.03.24	31.03.23
	RM'000	RM'000	RM'000	RM'000
- Current tax expense	321	315	321	315
- Deferred tax expense	-	17	-	17
Total expense	<u>321</u>	<u>332</u>	<u>321</u>	<u>332</u>

The group's effective tax rate for the financial year ended 31 March 2024 is 25.3% mainly due to certain non-deductible expenses.

## 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	31.03.24 RM'000	Foreign Currency '000	31.12.23 RM'000
<b>Bank Overdrafts</b>				
Secured		-		493
Unsecured		-		471
<b>Banker Acceptances</b>				
Unsecured – denominated in Ringgit Malaysia		41,832		32,490
Unsecured – foreign currency		-	CNY5,169	3,404
<b>Revolving Credit</b>				
Denominated in Ringgit Malaysia		<u>2,500</u>		<u>2,500</u>
Total		<u>44,332</u>		<u>39,358</u>

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

The bank overdrafts bear interest at rates 0% (2023 – 7.22% to 8.14%) per annum. The banker acceptances bear interest at rates ranging from 3.75% to 5.23% (2023 – 3.60% to 5.40%) per annum.

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## 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	31.03.24 RM'000	Foreign Currency '000	31.12.23 RM'000
<b>Current Term Loans</b>				
Secured – Denominated in Ringgit Malaysia		1,624		1,616
Secured – Denominated in foreign currency	SGD204	718	SGD204	709
Total		<u>2,342</u>		<u>2,325</u>
<b>Non-Current Term Loans</b>				
Secured – Denominated in Ringgit Malaysia		5,878		6,299
Secured – Denominated in foreign currency	SGD2,103	7,369	SGD2,153	7,498
Total		<u>13,247</u>		<u>13,797</u>
Grand Total		<u>15,589</u>		<u>16,122</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	15,589	2,342	1,819	4,891	6,537
Total	<u>15,589</u>	<u>2,342</u>	<u>1,819</u>	<u>4,891</u>	<u>6,537</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 5.52% (2023 – 4.57% to 5.47%) per annum.

### (c) Hire purchase liabilities

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

	31.03.24 RM'000	31.12.23 RM'000
Hire Purchase Creditors	1,944	2,218
Less: Interest in suspense	210	242
Balance	<u>1,734</u>	<u>1,976</u>
Repayable within one year	772	946
Repayable one to five years	962	1,030
Balance	<u>1,734</u>	<u>1,976</u>

The finance lease liabilities bear interest at rates ranging from 2.20% to 4.60% (2023 – 2.20% to 4.60%) per annum.



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## 8. Material Litigation

There was no impending material litigation as at 14 May 2024, being the date not earlier than 7 days from the date of this announcement.

## 9. Dividend

The Board of Directors does not recommend any interim dividend for the current quarter.

## 10. Earnings per share

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current corresponding Quarter 31.03.24	Preceding year quarter 31.03.23	Three Months to 31.03.24	Three Months to 31.03.23
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,021	438	1,021	438
Weighted average number of ordinary shares ('000)	42,039	42,039	42,039	42,039
Basic earnings per share (sen)	2.43	1.04	2.43	1.04

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):-

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Quarter 31.03.24	Preceding year corresponding quarter 31.03.23	Three Months to 31.03.24	Three Months to 31.03.23
(RM'000)				
Depreciation & Amortisation	2,461	2,228	2,461	2,228
Net gain on disposal of assets	(15)	(10)	(15)	(10)
Foreign exchange loss	169	662	169	662