

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 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 1 January 2026

- Amendments to MFRS 9 and MFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*
- Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107 *Annual Improvements to MFRS Accounting Standards—Volume 11*

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

2. Significant Accounting Policies (Continued)

2.2 Amendments to MFRSs not yet effective (Continued)

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.

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

The Company paid an interim tax exempt dividend of 10 sen per share totalling to RM4,203,900 in respect of the financial year ending 31 December 2024 on 13 September 2024.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

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 30.09)	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
Turnover										
External										
Local	-	-	208,692	216,082	7,935	10,681	-	-	216,627	226,763
Overseas	-	-	158,147	148,184	7,978	3,546	-	-	166,125	151,730
Internal	5,362	5,099	22,664	13,302	78,502	71,825	(106,528)	(90,226)	-	-
Total revenue	5,362	5,099	389,504	377,568	94,415	86,052	(106,528)	(90,226)	382,753	378,493
Segment results	(4,282)	(1,688)	5,359	4,685	2,315	306	1,183	440	4,575	3,743
Finance cost									(3,062)	(3,054)
Interest income									620	450
Other income									1,116	1,006
Profit before tax									3,249	2,145
Tax expense									(1,171)	(421)
Net Profit for the period									2,078	1,724

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 30 September 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.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

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.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

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 RM128.56 million for the current quarter under review representing an 11.2% increase from RM115.58 million of previous corresponding quarter.

Whereas, the Group recorded a profit before tax of RM299k for the current quarter under review achieving a turnaround compared to loss before tax of RM911k of previous corresponding quarter.

Comparison results of current period and previous corresponding period

The Group recorded revenue of RM382.75 million for the current period under review, an increase of 1.1% from RM378.49 million of previous corresponding period. This improvement reflects the recovery from short-term effect of consolidation and market repositioning exercise undertaken in 3Q2023. Consequently, the Group managed to improve its profitability, recorded profit before tax of RM3.25 million, which represents a substantial improvement of 51.5% compared to RM2.15 million in previous corresponding period.

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

1) Investment Holdings Division

The Investment Holdings Division recorded a slight increase in revenue for the period ending 30 September 2024 compared to previous year, primary due to higher management fees collected from subsidiaries. However, the division recorded a higher loss compared to same period last year. The significant increase in loss was mainly due to the absence of dividend income from subsidiaries, which had been received in the corresponding period of the prior year.

2) Trading and Service Division

The Trading and Service Division achieved a 3.2% increase in revenue compared to previous corresponding period, primarily driven by improved performance in the Singapore subsidiary, which benefited from government incentives. Meanwhile, the local market continued to face weak market conditions. Despite these challenges, the division improved its profitability, supported by higher overseas sales and the positive impact of a recent market repositioning exercise.

3) Manufacturing Division

Revenue in Manufacturing Division increased by 9.7% as compared to previous corresponding period primarily attributed by higher internal sales and a robust performance in overseas market. Coupled with rightsizing exercise that was completed in the second half of 2023 which significantly improved its gross profit margin, the division's profit surged by 757%.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

1. Review of Performance (Continued)

Financial review for current quarter and financial year to date

	Individual Period				Cumulative Period			
	30 September		Variance		30 September		Variance	
	2024	2023			2024	2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	128,561	115,575	12,986	11.2%	382,753	378,493	4,260	1.1%
Profit before interest and tax	925	(112)	1,037	<-100%	5,691	4,749	942	19.8%
Profit before tax	299	(911)	1,210	<-100%	3,249	2,145	1,104	51.5%
(Loss)/Profit after tax	(103)	(541)	438	-80.9%	2,078	1,724	354	20.5%
(Loss)/Profit attributable to Equity Holders of the Parent	(101)	(480)	379	-78.9%	2,173	1,819	354	19.5%

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	30 September 2024	30 June 2024		
	RM'000	RM'000	RM'000	%
Revenue	128,561	136,575	(8,014)	-5.9%
Profit before interest and tax	925	2,691	(1,766)	-65.6%
Profit before tax	299	1,682	(1,383)	-82.2%
(Loss)/Profit after tax	(103)	1,234	(1,337)	<-100%
(Loss)/Profit attributable to Equity Holders of the Parent	(101)	1,253	(1,354)	<-100%

2. Variation of results against immediate preceding quarter

The Group recorded revenue of RM128.56 million for the current quarter under review, representing a decrease of 5.9% as compared to RM136.58 million in the immediate preceding quarter, caused by weak market condition coupled with geopolitical tension in certain overseas market. As a result, the Group recorded lower profit before tax of RM299k as compared to the preceding quarter's profit before tax of RM1.68 million.

3. Commentary on prospect

The overall market landscape remains dynamic, with challenges and opportunities presented by both local and global economic factors. External factors such as currency fluctuations and inflationary pressures continue to influence the operational cost and demand patterns.

Domestically, government's initiative to rationalise subsidies and expand of tax base pose a challenge for the industry's recovery. Furthermore, the recent minimum wages increase will have mixed impacts on the Group: while it increases the cost of doing business, it could also enhance consumer purchasing power, potentially benefiting demand over time.

In response to these challenges, the Group remains focused on addressing market needs, rationalise operations, and enhancing operational efficiency. The Group's primary objectives are to protect its market position and continue improving profitability in a competitive environment.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	Individual period		Cumulative period	
	30.09.24 RM'000	30.09.23 RM'000	30.09.24 RM'000	30.09.23 RM'000
- Current tax expense	(20)	(1,823)	749	218
- Deferred tax expense	422	1,453	422	203
Total expense	402	(370)	1,171	421

The group's effective tax rate for the financial period ended 30 September 2024 is 36.0% due to non-allowable expenses and coupled with writing off deferred tax in certain subsidiaries during the financial year.

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	30.09.24 RM'000	Foreign Currency '000	31.12.23 RM'000
Bank Overdrafts				
Secured		427		493
Unsecured		447		471
Banker Acceptances				
Unsecured – denominated in Ringgit Malaysia		55,830		32,490
Unsecured – foreign currency	CNY10,707	6,620	CNY5,169	3,404
Revolving Credit				
Denominated in Ringgit Malaysia		1,250		2,500
Total		64,574		39,358

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 7.22% to 8.14% (2023 – 7.22% to 8.14%) per annum. The banker acceptances bear interest at rates ranging from 3.65% to 5.23% (2023 – 3.60% to 5.40%) per annum.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

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	30.09.24 RM'000	Foreign Currency '000	31.12.23 RM'000
Current Term Loans				
Secured – Denominated in Ringgit Malaysia		1,379		1,616
Secured – Denominated in foreign currency	SGD214	688	SGD204	709
Total		<u>2,067</u>		<u>2,325</u>
Non-Current Term Loans				
Secured – Denominated in Ringgit Malaysia		5,327		6,299
Secured – Denominated in foreign currency	SGD1,992	6,388	SGD2,153	7,498
Total		<u>11,715</u>		<u>13,797</u>
Grand Total		<u>13,782</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	13,782	2,067	1,666	4,308	5,740
Total	<u>13,782</u>	<u>2,067</u>	<u>1,666</u>	<u>4,308</u>	<u>5,740</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:-

	30.09.24 RM'000	31.12.23 RM'000
Hire Purchase Creditors	1,515	2,218
Less: Interest in suspense	188	242
Balance	<u>1,413</u>	<u>1,976</u>
Repayable within one year	556	946
Repayable one to five years	857	1,030
Balance	<u>1,413</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.

KHIND HOLDINGS BERHAD

Quarterly Report on unaudited consolidated results for the third financial quarter ended 30 September 2024

8. Material Litigation

There was no impending material litigation as at 13 November 2024, being the date not earlier than 7 days from the date of this announcement.

9. Dividend

An interim tax exempt dividend of 10 sen per share in respect of the financial year ending 31 December 2024 was announced on 31 July 2024 and paid on 13 September 2024 to the shareholders whose names appeared in the Record of Depositors on the entitlement date of 14 August 2024.

10. (Loss)/Earnings per share

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Quarter 30.09.24	Preceding year corresponding quarter 30.09.23	Three Months to 30.09.24	Three Months to 30.09.23
Net (loss)/profit attributable to ordinary equity holders of the parent (RM'000)	(101)	(480)	2,173	1,819
Weighted average number of ordinary shares ('000)	42,039	42,039	42,039	42,039
Basic (loss)/earnings per share (sen)	(0.24)	(1.14)	5.17	4.33

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

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Quarter 30.09.24	Preceding year corresponding quarter 30.09.23	Three Months to 30.09.24	Three Months to 30.09.23
(RM'000)				
Depreciation & Amortisation	1,706	2,779	4,943	6,600
Net gain on disposal of assets	16	(17)	1	(123)
Foreign exchange loss	(800)	(44)	(277)	969