

2009

ANNUAL REPORT | LAPORAN TAHUNAN

teamwork, continuously improve, speed up, innovate and customer focus



our people



A dedication to all employees of KHIND

From its humble beginning in 1961, **Khind Holdings Berhad** is today a leading electrical consumer appliances company in Malaysia. Founder Chairman Cheng King Fa began the business in Sekinchan, Selangor. Since then, the Company has gone on to achieve some commendable milestones.

Throughout its growth, the Company has sought to always value the input of its employees. With over 563 employees employed in two Continents, Khind is fortunate to have navigated a tumultuous 2009 with stellar results.

This would not have been possible without the effort of all its employees in making 2009 a success. Adding to their contributions, the Company also helped its employees remain motivated and skilled while delivering their individual results.

Knowledge - a key ideology within the Company also permeated throughout its entire fabric. Employees were encouraged to learn and provide feedback to each other - with the aim of always doing the best for the Company. This philosophy of knowledge and learning will hopefully continue into the future as the Company seeks to grow even further.

To all Khindies - this year's Annual Report is dedicated to you!

KHIND HOLDINGS BERHAD (380310-D)

Manufacturer & Marketer for



KHIND HOLDINGS BERHAD (380310-D)

Laporan tahunan 2009 annual report



KHIND HOLDINGS BERHAD
(380310-D)



KHIND Mistral

PENGEDAR BARANGAN ELEKTRIK
KHIND MARKETING (M) SDN BHD
KHIND-MISTRAL (M) SDN BHD
KHIND-MISTRAL INDUSTRIES SDN BHD

Customer Care Center





"...Peluang dan ruang sentiasa diberikan, membolehkan kami meningkatkan potensi diri dan taraf kehidupan, ke arah yang lebih cemerlang."

Raizal Amir Bin Muhammad
Technician
11 years of service



"We are able to close monthly accounts on the 1st working day of the month"

Chia Poh Chu
Assistant Finance Manager
26 years of service



"Gua caya lu! Khind best punya. Bisnes - bagus. Bonus - bagus. Incement - boleh tahan. Training - bertubi-tubi. Tak caya, jom join ler"

Robert Ooi
Senior Manager Group HR
10 years of service



"I like my job because I am able to click well with all my colleagues and we work as a team"

Saraspathy A/P Ramanaidu
Senior Clerk - Sales Admin
5 years of service

“Memastikan pengeluaran yang menepati spesifikasi, dapat menjamin kepuasan hati pelanggan - itulah misi kami”

Norhamizah Binti Shaid
Senior Operator
12 years of service



“Kami ibarat sebuah keluarga, berganding bahu dan berusaha ke arah matlamat yang sama- To be a World Class E&E Company”

Sahar Bin Asmuni
Senior Operator
15 years of service

“...Accuracy in order processing entry is important to avoid wrong delivery and unnecessary expenses...”

Vijey A/L Chinniah
Sales Admin Executive
13 years of service



“ We have a strong network of dealers who are our valued partners. We owe our success to their undivided support and confidence. We cherish our relationship with them and shared many happy moments together.”

Chong Kok Leong
Khind-Mistral (M) Sdn Bhd
Sales General Manager
13 years of service



“...Customer service excellent is our road to growth & success...”

Chan Tuck Kwai
Khind-Mistral (Borneo) Sdn Bhd
Director
24 years of service



“ 10 years in Khind.... definitely the place to work and continuously grow “

Chan Keng Sun
Indesico (M) Sdn Bhd,
General Manager
10 years of service



“ Our team’s passionate & creative approach to everyday tasks, is encouraged, thus enabling us to achieve our desired results”

Adil Jimmy Mistry
Khind Middle East FZE
General Manager
9 years of service



“ Kiasu mentality is a crucial factor for growth ... We never fail our target “

Tan Beng Kwee
Mistral (Singapore) Pte Ltd
General Manager
6 years of service



“Our People is our Company through our shared vision, missions, strategies, goals, decisions, actions, results and celebrations.”

Victor Leong
Khind Holdings Berhad
Group Chief Operating Officer
4 years of service



“Continuous improvement is key to our success through relentless cost reduction activities...”

Chang Kok Sooi
Khind-Mistral Industries Sdn Bhd
Director
18 year of service



“Managing expectation and wellness of primary stakeholders like employees, suppliers and customers will eventually lead to increase in shareholders value.”

Khoo Guan Kiat
Khind Holdings Berhad
Group Financial Controller
15 years of service



“We have a great team of capable and dedicated colleagues. We cherish our team work and we are a big happy family. We are fortunate to be blessed with a great working environment in which we can contribute our best.”

Jeffrey Khor
Khind-Mistral (M) Sdn Bhd
Director
18 years of service



Khind-Mistral Borneo Office, Kuching
Established in 1992 currently has 34 employees.



Mistral, Singapore Office
Established in 2000, currently has 28 employees.



Khind-Mistral Borneo Office, Kota Kinabalu
Established in 1992 currently has 27 employees.



Khind Middle East, Dubai Office
Established in 2005, currently has 7 employees.



Foshan Representative Office, China
Established in 2004, currently has 7 employees.

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Chairman and Group Chief Executive Officer Joint Statement

**Dear Shareholders,
Your Board is pleased to share with you the Company's performance
for the financial year ended December 31, 2009.**

A strong sense of determination to see through adversity

It was a very challenging 2009 for many sectors of the economy. Malaysia as a whole was not spared the economic fall-out of the global financial crisis - with domestic consumption softening and declining exports.

With this in mind, the Board would like to dedicate this year's Annual Report to all the hard working men and women of Khind, who have in their own way helped the Company navigate through a tumultuous 2009. For it was their efforts that allowed the Company to perform admirably and deliver results that surpassed the negative effects of 2009.

Performance of the consumer electrical appliances sector in 2009

Following three quarters of negative growth and a more positive performance for the fourth quarter of 2009, Malaysia's economy registered a 1.7 per cent growth (2008: 4.7%: source : BNM 4th Quarter Country Performance).

Within this context, the country's economy was provided a timely boost by the Malaysian Government's stimulus measures to ensure that the socio-economic climate was not further eroded.

In terms of performance, combined Malaysian trade in 2009 was valued at RM988.24 billion, representing a decrease of 16.6% from 2008. During the same period, exports dropped by 16.6% to RM553.3 billion while imports were lower by 16.6% to RM434.94 billion, resulting in a trade surplus of RM118.35 billion. More significantly, exports of electrical and electronic products continued to be a main stay of external trade, while domestic imports of electrical products of RM16.36 billion or 38.4% of total imports was registered. (source: MITI Malaysia's External Trade Statistics). The trade figures reflected the importance of the electrical and electronics sector to Malaysia's overall economy and in this context - the continued growth and demand for home consumer electrical products.

Domestically, consumers were more cautious as a result

of the weak economic climate. However, the country's inflation remained relatively lower at 1.3 per cent (source: Malaysian Department of Statistics) reflecting a more positive outlook on rising prices.

Despite the more challenging economic backdrop, it was clear that the human spirit to overcome adversity and to move ahead was present in many Khind employees - who helped the Company achieve better than expected results in 2009.

2009 performance

The Group's revenue for the period ended December 31, 2009 was marginally lower at RM183.60 million from RM185.36 million in 2008, representing a 0.9% reduction in revenue.

The softer revenue performance was a result of lower domestic sales of products. However, the Group's export revenues were higher, which helped provide a positive buffer to overall revenue performance.

The Group's profit before tax for the year ended December 31, 2009 increased significantly by 31% to RM11.22 million from RM8.57 million in the same period last year. Contributing factors that led to the better profit performance were: improved operating margins on products sold and on-going implementation of the Group's cost management measures.

Operations review

Recognizing the adverse operating conditions in 2009, the Group's employees performed marvelously to deliver a positive set of financial results for the year. From manufacturing personnel to sales to administrative support - the Group's employees all stepped up their individual effort to ensure that the Group was able to turn in a positive performance.

Within the Group's manufacturing arm, employees participated in active quality teams which continuously improved their work processes for enhanced productivity.

Our manufacturing employees also worked closely with their customers for win-win partnerships.

Our sales employees in Malaysia, were able to initiate several programmes such as: faster introduction of new products; specialized sales teams that focused on key products; better promotions management and improved customer services that helped position the Group's brands in the market place.

Our international teams also played their roles to help deliver better results. From the Group's operations in the Middle East offices to our Singapore office - members of the teams met the call of duty to deliver export results that bore testimony of the Khind 'can-do' attitude.

On a Group basis, training was carried out at an average of 49 hours per management staff, and 14 hours per non-management staff in areas such as: information technology skills development; sales management and selling skills techniques; lean manufacturing best practices; total quality management practices; personal development programme such as teambuilding retreats; and total quality management (TQM) project management techniques - that helped employees remain motivated to deliver positive performances despite the tough operating conditions.

Marketing Review

While most businesses reduced their promotional expenditure, the Group's marketing arm continued to invest positively. Approximately RM9.2 million was invested to increase awareness of the Group's two major brands (Khind and Mistral) in the market place with various promotional activities.

New products such as the Black Beauty ceiling fan; Magic Aedes Busters; Anshin Rice Cookers; Bowl Dryers; and Ariston Water Heaters were introduced in 2009. Backed by an enthusiastic team of sales and marketing members, these products were positively received by consumers.

In terms of trade marketing relationships - the marketing team implemented continuous product demonstrations; road shows and lifestyle exhibitions that helped strengthen bonds between key dealers and the Group. The end result - better sales performance and collection of payment which strengthened the Group's financial performance.

Note of appreciation and gratitude

2009 was certainly a test of character not only for the Group, but its entire team of employees. Challenges were met with a positive mindset, while strong determination was evident among employees to overcome adverse conditions.

The Board wishes to place on record its sincere and heartfelt appreciation to all the wonderful men and women of Khind who have helped the Group achieve a positive result in a difficult year. We salute and thank you for your efforts.

Our appreciation also goes out to our loyal trade partners who continue to support the Group's brands; our shareholders who continue to support the Group's success; our various business partners who contributed their support; and official government bodies who remain advocates of Khind, locally and internationally.

We look forward to better times ahead in 2010.

CHENG KING FA
CHAIRMAN

CHENG PING KEAT
GROUP CHIEF EXECUTIVE OFFICER (CEO)

Corporate Structure



A World Brand...From Malaysia

KHIND HOLDINGS BERHAD (380310-D)

100% Khind-Mistral Industries Sdn Bhd (213282-V)

Manufacture and sale of electrical home appliances and wiring accessories

100% Khind Middle East FZE (01020)

Trading in home appliances

100% Khind-Mistral (M) Sdn Bhd (442421-A)

Trading in electrical products

100% Khind-Mistral (Borneo) Sdn Bhd (234614-W)

Trading in electrical home appliances and wiring accessories

100% Mistral (Singapore) Pte Ltd (200106472H)

Trading in electrical products

100% Khind Customer Service Sdn Bhd [109015-W]

Providing general repair and rework services and renting of commercial properties

100% Indesico (M) Sdn Bhd (811092-W)

Trading in electrical home appliances

100% Khind-Mistral (Sabah) Sdn Bhd (177741-V)

Renting of properties and motor vehicles

100% Khind Components Sdn Bhd (196021-P)

Dormant

100% Khind Technology Centre Sdn Bhd (429363-P)

Dormant

100% Khind Home Appliances Sdn Bhd (429595-W)

Dormant

100% Khind Industries Sdn Bhd (173304-D)

Dormant



Corporate Information



Registered Office :

No. 2, Jalan Astaka U8/82, Seksyen U8
Bukit Jelutong 40150 Shah Alam
Tel: 603-7847 1900
Fax: 603-7845 4560

Website Address :

www.khind.com / www.khind.ae
www.mistral.com.my / www.mistral.com.sg
www.indesico.com.my

Email Address :

khb@khindmistral.com

Share Registrars :

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Garden North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 603-2264 3883
Fax: 603-2282 1886

Company Secretaries :

Kam Kooi Hua (MACS 00152)
Khoo Guan Kiat (MIA 20886)

Stock Exchange Securities :

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 7062

External Auditors :

KPMG Chartered Accountants (AF 0758)

Internal Auditors :

BDO Governance Advisory Sdn Bhd

Principal Bankers:

DBS Bank Ltd
Eon Bank Berhad
Hong Leong Bank Berhad
Kuwait Finance House (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
The Royal Bank of Scotland Berhad
United Overseas Bank (M) Berhad

Solicitors :

Halim, Hong & Quek
Ong & Partnership
Shearn Delamore & Co
Khor, Anuar & Khong

Profile of Board of Directors

MR. CHENG KING FA - Malaysian - Founder/Chairman

Mr. Cheng King Fa, aged 71, is the Founder of the KHIND group, which commenced as a small family business 49 years ago. Under his vision and guidance, the business has grown into one of Malaysia's leading local electrical products manufacturer. With more than 40 years experience in the electrical industry, he provides invaluable advice to the Group on production, marketing, new product research and development.

Mr. KF Cheng was appointed Executive Chairman of the Group on 20th April 1998 prior to the Company's listing on the Second Board of Bursa Malaysia Securities Berhad on 12th August 1998. On 1st March 2005, he was re-designated as Founder /Chairman.

Mr. KF Cheng is a director and minority shareholder of Kee Hin Ventures Sdn. Bhd.(429373-U), which has a 39.21% stake in KHIND. He is the father of Mr. Cheng Ping Keat.

Mr. KF Cheng has no convictions for any offence within the past ten years and has no conflict of interest with KHIND, other than those disclosed in the 2009 financial statements in respect of related party transactions. In 2009, he attended all the six meetings held by the Board.

He has a direct interest in 1,824,601 shares (4.55%) and deemed interest in 1,304,124 shares (3.25%) in KHIND via his spouse and daughters.

Mr. KF Cheng, who is over seventy years of age, retires pursuant to the provisions of Section 129(6) of the Companies Act, 1965. He will seek re-appointment at KHIND's Fourteenth (14th) Annual General Meeting.





MR. CHENG PING KEAT
- Malaysian
- Group Chief Executive Officer

Mr. Cheng Ping Keat, aged 49, was appointed Executive Director of KHIND on 20th April 1998. He graduated with a Bachelor of Commerce degree from the University of Melbourne, Australia in 1984. Post graduation, he had a short stint in audit, accountancy and receivership, both locally and abroad. He joined the KHIND group in September 1987. In 1996, he obtained his Master of Business Administration from Bath University, U.K.

On 21 November 2008, Mr. PK Cheng resigned from the Khind Audit Committee (KAC), being the only Executive member of the KAC since its inception in 1998.

Mr. PK Cheng was appointed and designated the Group Chief Executive Officer of the KHIND Group on 18 November 2003. He is now responsible for the overall strategic planning and operations relating to manufacturing, marketing, financial, export management and brand building for the KHIND Group.

Mr. PK Cheng is a Director and major shareholder of Kee Hin Ventures Sdn. Bhd. (429373-U) which has a 39.21% stake in KHIND. He is the son of Mr. Cheng King Fa. Mr. PK Cheng has a direct interest in 1,107,720 shares (2.76%) and a deemed interest in 1,558,599 shares (3.89%) in KHIND via his spouse.

Mr. PK Cheng has no convictions for any offence within the past ten years and has no conflict of interest with KHIND, other than those disclosed in the 2009 financial statements in respect of related party transactions. In 2009, he attended all the six meetings of the Board.

Mr PK Cheng will retire pursuant to Article 100 of the Company's Articles of Association and will seek re-election at KHIND's Fourteenth (14th) Annual General Meeting.

**MDM TAN LAY KUAN
@TAN LAY WAH**
- Malaysian
- Independent /
Non-Executive Director

Mdm. Tan Lay Wah, aged 63, has been an Independent Non-Executive Director of KHIND since 20th April 1998. She is highly experienced in company secretarial practice and management consultancy and specializes in industrial management, corporate finance and development of manufacturing industries. She is currently Founder/Executive Director of Champion Die-Casting Sdn. Bhd.- a company involved in the manufacture and trading of high pressure moulded aluminum, zinc and precision OEM components.

Mdm. Tan has been an independent member of the KHIND Audit Committee since 10th August 1998 and is also a member of the Nomination and Remuneration Committee formed on 15th November 2001.

Mdm. Tan has no family relationship with any director and/or major shareholder of KHIND, no conflict of interest with KHIND and has no convictions for any offence within the past ten years. She attended all the six meetings of the Board in 2009.

Mdm. Tan has a direct interest in 13,333 shares (0.03%) and a deemed interest in 242,667 shares (0.61%) via her spouse, in KHIND.

Mdm Tan Lay Kuan @ Tan Lay Wah will retire pursuant to Article 100 of the Company's Articles of Association and will seek re-election at KHIND's Fourteenth (14th) Annual General Meeting.

**MR. KAMIL BIN DATUK HJ.
ABDUL RAHMAN**
- Malaysian
- Senior Independent /
Non-Executive Director

Mr. Kamil A. Rahman, aged 61, was appointed an Independent Non-Executive Director of KHIND on 30 July 2001. At the same time, he became an independent member of the KHIND Audit Committee (KAC). He is the Chairman of the Nomination and Remuneration Committee formed on 15 November 2001. His area of specialization is in corporate governance, corporate finance and risk management.

Mr. Kamil was appointed as the Khind Audit Committee (KAC) Chairman on 5 August 2008. He was appointed as the Senior Independent Director on 31 March 2009.

Mr. Kamil graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand. He is also a Fellow Chartered Secretary of the Institute of Chartered Secretaries and Administrators, United Kingdom, and a Chartered Accountant of the Malaysian Institute of Accountants.

Mr. Kamil's previous positions were as Senior Vice President of the Bank of Commerce (M) Berhad and as Executive Director of Commerce International Merchant Bankers Berhad. He is also a Director of Malaysian Merchant Marine Berhad, Global Carriers Berhad, *Putera Capital Berhad, *Bukit Katil Resources Berhad, *WDM Holdings Berhad (*not listed on Bursa Malaysia) and the Malaysia South Africa Business Council (company limited by guarantee).

Mr. Kamil has no family relationship with any Director and or major shareholder of the Company, no conflict of interest with KHIND and has no convictions for any offence within the past ten years. He attended all the six meetings of the Board in 2009. He does not have any direct or indirect shareholdings in KHIND.

MR. MD. AZMI BIN LOP YUSOF
- Malaysian
- Independent/
Non-Executive Director

Mr. Md. Azmi bin Lop Yusof, aged 55, was appointed a Non-independent / Non-Executive Director of KHIND on 20th April 1998. He obtained a Diploma in Agriculture from Kolej Pertanian Malaysia in 1975 and graduated with a degree in Agricultural Business from Louisiana State University, USA in 1979. He is a former State Assemblyman for Terengganu and also sits on the board of some private limited companies.

On 26 February 2008, Mr. Md. Azmi was re-designated as an Independent Non-Executive Director.

Mr. Md. Azmi has no family relationship with any Director but is a shareholder of KHIND. He is also a member of the Nomination and Remuneration Committee. He has no conflict of interest with KHIND and has no convictions for any offence within the past ten years. He attended all the six meetings of the Board in 2009.

Mr. Md. Azmi has beneficial interests in 1,469,935 shares (3.67%) and 39 shares (0.00009%), of KHIND - which are pledged to BI Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively.

**MR. LEE AH LAN @
LEE KEOK HOOI**
- Malaysian
- Non-Independent/
Non-Executive Director

Mr. Lee Keok Hooi, aged 63, was appointed as a Non-independent /Non-Executive Director of KHIND on 26 March 1999. He holds a Bachelor of Commerce degree in Accounting from the University of Western Australia and is a Chartered Accountant (Malaysia) and a CPA (Australia).

On 21 November 2008, Mr. Lee was appointed as a Non-Executive Member of the Khind Audit Committee (KAC).

Mr. Lee is the Group Executive Chairman and Managing Director of Hock Sin Leong Group Berhad - a company listed on the Main Market of Bursa Malaysia Securities Berhad, and a premier home-grown consumer electrical and electronic products player. He has been involved in the group activities since 1976. He is also a member of the Nomination and Remuneration Committee of KHIND.

Mr. Lee has no family relationship with any Director and/or major shareholder of KHIND and has no convictions for any offence within the past ten years and does not hold any shares in KHIND. He attended all the six meetings of the Board held in 2009.

Mr. Lee does not have any conflict of interest with KHIND, other than that disclosed in the 2009 financial statements pertaining to related party transactions. He does not have any direct or indirect shareholdings in KHIND.



Statement on Corporate Governance

The Board of Directors of Khind Holdings Berhad recognizes the importance of good corporate governance throughout the Group as a fundamental process of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

The Board is committed to the maintenance of high standards of corporate governance by adopting and implementing the prescription of the principles and best practices set out in Malaysia Code of Corporate Governance, revised 2007 (The "Code").

BOARD OF DIRECTORS

BOARD COMPOSITION AND BALANCE

The Board currently comprises six (6) members, of whom two (2) are of Executive capacity and three (3) out of four (4) Non-Executive Directors are independent. This is in compliance with the Paragraph 15.02 of the Listing Requirements of Bursa Securities, that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and free of any relationship that could interfere with the exercise of their independent judgment.

The Executive Directors are responsible for determining and implementing financial and operational decisions. The role of Independent Non-Executive Directors is crucial in ensuring that the strategies proposed by the management are fully deliberated and examined. They fulfill a pivotal role in corporate accountability as they provide unbiased and independent views, advices and judgements on issues pertaining to the shareholders, employees, customers, suppliers and the various communities in which the Group conduct its business.

In totality, the Directors share a wide exposure in the legal, business, financial and technical fields. This blend of knowledge and experience is vital to determine an objective outlook of the Group. A brief profile of each Director is set out in pages 12 to 15 of the Annual Report.

In accordance with Part 2 AA, VII of the Code, Mr. Kamil Bin Datuk Hj. Abdul Rahman has been appointed as the Senior Independent Non-Executive Director.

BOARD MEETINGS

During the year, four (4) Ordinary Board Meeting and two (2) Special Board Meeting were held and the attendance record of the Board members is reflected as follows:-

DIRECTORS' BOARD MEETINGS IN YEAR 2009

Directors	Total Number of Meetings Attended by Directors
1. Mr. Cheng King Fa	6/6
2. Mr. Cheng Ping Keat	6/6
3. Mr. Kamil bin Datuk Hj. Abdul Rahman	6/6
4. Mr. Lee Ah Lan @ Lee Keok Hooi	6/6
5. Mdm. Tan Lay Kuan @ Tan Lay Wah	6/6
6. Mr. Md. Azmi bin Lop Yusof	6/6

Statement on Corporate Governance (Continued)

SUPPLY OF INFORMATION TO THE BOARD

All Directors have full access to information concerning the Company and the Group. The agenda for every Board Meeting, together with a comprehensive set of board papers are furnished to all Directors for their perusal in advance of the Board Meeting date. This is to ensure sufficient time is given to enable the Directors to review and consider the agenda items to be deliberated at the Board Meetings. The Board papers include, amongst others, quarterly financial reports, year-end financial statements of the Group, annual budget, other major operational financial and legal issues.

Corporate plans and annual budgets, acquisitions and disposals of undertakings and properties with a substantial value, major investments and financial decisions, including key policies and procedures and delegated authority limits are subject to Board approval. All deliberations in relation to matters discussed and the conclusions are recorded.

The Directors are provided with non-financial indicators like customer service performance, safety & health compliance, market information when dealing with such matters on the agenda.

The Directors have unrestricted access to advice and services of the company secretary, senior management and independent professional advisers including the external auditors, at the Company's expense. The Directors can utilize the professional services when necessary to fulfill their duties and specific responsibilities as enumerated in Best Practices Provisions AAI of the code.

BOARD COMMITTEES

The Board delegates certain responsibility to Board Committees which operate within clear defined terms of reference. They are mainly the Audit Committee, the Nomination and Remuneration Committee and the ESOS Committee. Prior to the establishment of these committees, their functions were assumed by the Board as a whole. The Chairman of the three (3) Committees will report to the Board the outcome of their Committee decisions.

a) Audit Committee

The Audit Committee was appointed by the Board and established on 10 August 1998 to assist its duty of maintaining a sound system of internal controls and risk management to safeguard shareholders' interest and the Company's assets.

A full Audit Committee report enumerating its membership, its role and its activities during the year is set out in pages 24 to 25 of this annual report.

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee which was established on 15 November 2001 comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors.

The Committee is responsible for developing the remuneration packages and benefits-in-kind of Executive Directors and making recommendation to the Board for approval. The remuneration of the Non-Executive Directors is decided by the entire Board. The Board has complied with the Code to review the remuneration of Directors such that the Group attracts and retain the right Director mix to run the Company successfully.

The Committee is also responsible to make appropriate recommendations to the Board on matters of renewal, extension, retirement, appointment and re-appointment of directors as well as review annually the mix of skills experience and competencies of the Board. The Committee is currently developing a process of assessment on the effectiveness of the Board, the committee members and contribution of each individual director, including Independent Non-Executive Directors, as well as the Chief Executive Officer (CEO). All assessment and evaluation carried out by Nomination and Remuneration Committee have been properly documented. This process also involves developing a job description and limits to management responsibility for directors including CEO.

The members of the Nomination and Remuneration Committee who served during the financial year are:

Chairman

Kamil bin Datuk Haji Abdul Rahman

(Senior Independent Non-Executive Director)

Members

Tan Lay Kuan @ Tan Lay Wah

(Independent Non-Executive Director)

Lee Ah Lan @ Lee Keok Hooi

(Non-independent Non-Executive Director)

Md. Azmi bin Lop Yusof

(Independent Non-Executive Director)

Statement on Corporate Governance (Continued)

DIRECTORS' TRAINING

All Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") and Continuing Education Programme ("CEP") points in accordance with requirements.

Pursuant to Paragraph 15.09(2), the Directors will continue to attend other relevant training programs either on their own arrangement or organized by the Company, covering the area of finance, management and leadership to equip themselves with the essential skills and knowledge to run the Company effectively.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Article of Association, all Directors who are appointed by the Board during the year are subject to retirement and re-election at the Annual General Meeting subsequent to their appointment and at least one-third (1/3) of the remaining Directors, including the Managing Director, are required to retire by rotation at each Annual General Meeting.

The Article of Association also provides that all Directors to offer themselves for re-election by rotation at least once in every three (3) years during the Annual General Meeting. The Nomination and Remuneration Committee reviews the rotation of the Directors.

DIRECTORS' REMUNERATION

The Remuneration Committee examines and recommends to the Board the remuneration package of the Executive Directors. The level of remuneration reflects the experience and responsibilities undertaken by the Executive Directors. The determination of the fees of the Non-Executive Directors is decided by the Board as a whole.

The details of the aggregate amount of remuneration of Directors of the Company during the year were as follows:

Directors' Remuneration & Benefit-in-Kind

Directors	Fees RM	Salaries and allowances RM	Bonus RM	EPF- Employer Contribution @ 15% RM	Benefit-in- Kind RM	Grand Total RM
Executive Directors	-	1,017,483	299,000	185,685	60,877	1,563,045
Non-Executive Directors	144,000	41,000	-	-	-	185,000
TOTAL	144,000	1,058,483	299,000	185,685	60,877	1,748,045

The Board is of the view that the Directors' Remuneration disclosures by band fulfill the transparency and accountability aspects of corporate governance.

Statement on Corporate Governance (Continued)

DIRECTORS' REMUNERATION (continued)

The number of Executive and Non-executive Directors whose total remuneration falls into the following bands are tabulated as follow:

Remuneration Bands	Number of Directors		Total
	Executive	Non-Executive	
Up to RM50,000	-	4	4
RM650,001- RM700,000	1	-	1
RM700,001- RM750,000	-	-	-
RM750,001- RM800,000	-	-	-
Above RM800,001	1	-	1
Total	2	4	6

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board acknowledges the importance of accountability to the shareholders through proper communication with them. All relevant developments of the Group and financial results have been duly announced on a timely basis. In addition, regular press releases are held to inform the public on the latest business development.

THE AGM

The Annual General Meeting (AGM), remain as the principal form of dialogue and the avenue for direct interaction between the shareholders, investors and the Company, where they are given the opportunity to raise questions on the operational, financial performance and major developments of the Group as well as on the resolutions being proposed. The AGM is usually held in May and it has been the Company's practice to send the Notice of AGM and the Annual Report to Shareholders at least twenty-one (21) days before the meeting.

DIALOGUE BETWEEN COMPANY AND INVESTORS

Press conferences are normally held after the AGM where the media is advised on the status of resolutions that were considered and the key events of the Company. The Group CEO is present at the press conference to clarify and explain issues raised by the press media.

In additions, the Group CEO meets with fund managers, institutional investors and investment analysts as and when requested to ensure they are updated with new information pertaining to the Group's strategy and major developments.

The shareholders and investors are able to access the corporate, financial and market information of the Company from the Bursa Malaysia Securities Berhad listed companies information at the Bursa Malaysia Securities Berhad website as well as the Company's website at www.khind.com.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The directors are responsible to ensure that the financial statements are prepared in accordance with the provision of the Companies Act, 1965 and approved accounting standards, subject to any explanations and material departures disclosed in the notes to the financial statements.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of the financial reporting. The financial statements and quarterly results are reviewed by Audit Committee and approved by the Board before releasing to Bursa Malaysia Securities Berhad.

Statement on Corporate Governance (Continued)

Statement of Internal Control

The Group's Statement of Internal Control is set out in page 23 of this Annual Report.

Relationship with the Auditors

The Board has maintained an appropriate and transparent relationship with the Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the Audit Committee Meetings to facilitate the exchange of view on issues requiring attention.

A full Audit Committee report enumerating its role in relation to the Auditors is set out in pages 24 to 25 this Annual Report.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statement

The Directors are required by the Companies Act, 1965 to ensure that the financial statements prepared for the financial year give a true and fair view of the state of affair of the Company and the Group as at 31 December 2009 and of the results of their operations and cash flows for the year ended on that date.

The Board has reviewed and approved the Annual Audited Financial Statements for the financial year ended 31 December 2009 and collectively and individually accept full responsibility for the accuracy of the information given and confirmed that after making reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement of information therein misleading.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statement

The Directors consider that in preparing the financial statements:

- The Company and the Group used appropriate accounting policies which are consistently applied;
- Reasonable and prudent judgments and estimates were made;
- All applicable approved Accounting Standards, regulatory and legal requirements have been complied, save and except otherwise disclosed in the notes of the accounts;
- On going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group have adequate resources to continue operations in future.

The Directors are also responsible for ensuring that the Company maintains accounting records, registers and related information, including minutes of all management and shareholder's meetings.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

Statement of Compliance with the Best Practices of the Code

The Board is committed to achieve high standards of corporate governance throughout the Group and to maintain high level of integrity and ethics in all its business dealings. The Board is of the view that all the best practices have been adopted and complied as prescribed in the Malaysian Code of Corporate Governance, revised 2007.

Corporate Social Responsibility

The Group acknowledges its accountability towards our stakeholders. In line with this, the Group endeavors to undertake various Corporate Responsibility Initiatives that will contribute to sustainable development.

The Workplace

We value our human capital and we have invested in our people through annual allocation of 3% of total payroll for our training budget. We cultivate the belief that a knowledge-based workforce will have the readiness to take on challenges ahead. We support a working environment in which we value our people, respect differences among individuals and ensure equal opportunity. We have active Safety & Health activities that involved all employees.

The Environment

We recognize the importance and responsibility of environmental protection. Several products introduced by the Group are energy efficient that qualified for the incentives granted by the Finance Ministry. The Group and our employees are active in reducing environmental impact through deploying internet-based technology to reduce usage of paper-based process as well as to increase usage of shared electronic documents. The Group's manufacturing subsidiary has an ongoing program to recycle and re-use our waste materials.

Statement on Corporate Governance (Continued)

Corporate Social Responsibility (Continued)

The Marketplace

The Group continues to provide competitive and value-added products and services to our customers. Our new products have focused on health and energy efficiency.

The Community

During the year, the Group has participated in local community events by leading in local community projects, sponsoring gifts and donations to charitable organizations. The Group has donated internationally to the victims of the Typhoon Morakot in Taiwan.

The Group is currently in the process of incorporating a new company to undertake the Group's corporate responsibility in a more focus and effective manner.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Bursa Malaysia Securities Berhad Listing Requirements:

1. Utilisation of proceeds

There were no corporate proposals announced at the date of this annual report.

2. Share Buybacks

During the financial year, there were no share buybacks by the Company.

3. Option, Warrants or Convertible Securities

The Employees' Share Option Scheme ("ESOS") has lapsed in year 2008.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme During the year under the review, the Company did not sponsor any ADR or GDR programmes.

5. Sanctions / Penalties

There were no sanctions and/or penalties (that were made public) imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. Non-audit fees

The non-audit fees paid and payable to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2009 was Ringgit Malaysia Eight Thousand (RM8,000) only.

7. Profits estimates, forecast or projection

There was no variance between the results of the financial year and the unaudited results previously released by the Company. The Company did not release any profit estimate, forecast or projection during the financial year.

8. Profit guarantee

No profit guarantee had been given by the Company during the current financial year.

9. Material Contract

Save as disclosed below, there were no other material contracts (not being contracts entered into in the ordinary course of business), which are or may be material which have been entered into by Kind and its subsidiaries, within the two (2) years immediately preceding the date of this report.

1. Conditional Sale and Purchase Agreement dated on 11 March 2009 between Kind Customer Service Sdn Bhd ("KCS") (formerly known as Kind Marketing (M) Sdn Bhd) and Lee Teik Cheng and Poo Siew Yong in relation to the disposal of a factory building held under HS (D) No. 115859 PT No. 1513 Bandar Sunway Daerah Petaling State of Selangor which bearing the correspondence address of No. 15, Jalan PJS 11/8, Bandar Sunway, 46150 Petaling Jaya, Selangor and measuring an area of approximately 761.5942 square metres. The factory building will be disposed with a total cash consideration of RM2,180,000 only. The proposed disposal has completed on 25 September 2009.

Statement on Corporate Governance (Continued)

Material Contract (Continued)

2. On 8 May 2009, Khind Holdings Berhad (“KHB”) has entered into a share sale agreement with Hsu Cheng-Wu for the acquisition of 50,000 ordinary shares of RM1.00 each in Khind Home Appliances Sdn Bhd (“KHA”), representing 50% of the issued and paid-up share capital of KHA for a total purchase consideration of RM15,500 only. Upon completion of the proposed acquisition, KHA will become a wholly owned subsidiary of KHB. The proposed acquisition has completed on 1 July 2009.
3. Two (2) Sale and Purchase Agreement dated 15 January 2010 between Multi Synergy Group Sdn Bhd (“MSG”) and the Company for acquisition of two (2) units of 3-storey semi detached factory known as Lot 29 and Lot 30 to be built on part of the land held under issue document of titles geran 58823 Lot 64237 and geran 58824 Lot 64238, both of Mukim Damansara Daerah Petaling Negeri Selangor (collectively “the Properties”), purchase price are approximately RM309.22 per square feet for Lot 29 and RM245.48 per square feet for Lot 30, both consisting aggregate purchase consideration of RM6,593,000.00 upon terms and conditions therein stated. The construction of the Properties is expected to be completed within thirty-six (36) months from the date the Sale and Purchase Agreement is entered.

10. Revaluation of Landed Properties

Save as disclosed in Note 2(c) (Significant Accounting Policies) and Note 3 (Property, Plant and Equipment) of the Notes to the Financial Statements, the Company does not adopt a policy on regular revaluation of its landed properties. Except for a property owned by KCS, a wholly-owned subsidiary of the Company, had been revalued and reclassified as non current asset held for sale in year 2008 according to approved accounting standard, FRS 5. The proposed disposal has completed, as disclosed above. Thus no balance for non current asset held for sale in year 2009.

11. Recurrent Related Party Transaction (“RRPT”)

The Group had made full disclosures on the Related Party Transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of business of the Company and its subsidiaries.

At the forthcoming Annual General Meeting, the Company will be seeking a renewal of the shareholders’ mandate to enter into the RRPT of a revenue or trading nature.

The details of the Recurrent Related Party Transaction (RRPT) are disclosed in Note XX of the Financial Statement.

Statement on Internal Control

INTRODUCTION

The Board recognises the importance of a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

The Statement on Internal Control outlines the nature and scope of internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board of Directors is committed to maintain a system of internal controls in financial, operational and compliance as well as risk management to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Compliance with regulatory requirements; and
- Operational results are closely monitored and substantial variances are promptly explained.

The Board also acknowledges its responsibility for reviewing adequacy and integrity of system of internal controls. In view of the limitations that are inherent in any system of internal controls, this system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. It should be further noted that the cost of the system should not outweigh the benefits.

KEY INTERNAL CONTROL PROCESS

The Group's system of internal controls comprises the following key elements:

- **Term of reference**
Clear definition of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of the Board of Directors has been established.
- **Control procedures**
Operating Procedures Manuals that set out the policies, procedures and practices are adopted by all companies in the Group to ensure clear accountabilities and control procedures are in place for all business units.
- **Organisational structure and accountability levels**
The Group has a defined organisational structure with clear lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

The Board relies on the Group Chief Executive Officer with relevant industry experience to run and manage the operations and business of the Group.

- **Reporting and review**
The Group's management team carries out regular monitoring and review of financial results and forecasts for all businesses within the Group. Actual results are then compared with budgeted results and any significant matter is brought forward for the Board's consideration and decision.
- **Internal audit**
During the year, the Board has outsourced the internal audit functions to a third party outsource service provider, with the primary objective of assisting the Board in reviewing the adequacy and integrity of the Group's system of internal controls to manage the risks areas faced by the Group. Findings arising from these visits are presented, together with management's response and proposed action plans to the Audit Committee for its review.

In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

The Board is of the view that the system of internal controls is satisfactory and has not resulted in any material losses, contingencies or uncertainties for the financial year under review. The Group will continue to take the necessary measures to strengthen its internal controls.

Report on Audit Committee

The Board of Directors is pleased to present its report on the Audit Committee and the activities carried out during financial year ended 31 December 2009.

1. Constitution

On 10 August 1998, the Board set up the Khind Audit Committee (KAC) as a best practice in corporate governance.

2. Members and Meetings in 2009

Mr. Kamil bin Datuk Haji Abdul Rahman is the KAC Chairman and the Senior Independent Director of the Company. He is supported by a majority of independent members.

Mr. Kamil bin Datuk Haji Abdul Rahman and Mr. Lee Ah Lan @ Lee Keok Hooi, a Non-Executive/Non-independent Director, are both KAC members with accounting qualifications.

The KAC met four (4) times during the financial year. The attendance details and status of members are as follows:-

Name	Attendance
Independent / Non-Executive	
Kamil bin Datuk Hj. Abdul Rahman (Chairman) (Appointed as KAC Chairman on 05.08.2008)	4/4 (100%)
Tan Lay Kuan @ Tan Lay Wah (f)	4/4 (100%)
Non-Independent / Non -Executive	
Lee Ah Lan @ Lee Keok Hooi (Appointed as KAC member on 21.11.2008)	4/4 (100%)

3. Terms of Reference

The Terms of Reference for the Committee, were revised and approved by the Board on 21 May 2008. The revisions to the Terms of Reference are to ensure due compliance with the recent amendments to the relevant provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

3.1 Composition

- The KAC shall have a minimum of three (3) members, all of whom shall be non-executive directors;
- The members shall be appointed by the Board from amongst its directors;
- No alternate director shall be a member;
- The Chairman shall be an Independent/Non-Executive Director and shall be elected by the Audit Committee.

3.2 Secretary

- The secretary of the KAC shall be the Company Secretary.

3.3 Objectives

- To assure the Company's shareholders that specified financial standards and Bursa Malaysia Securities Berhad ("Bursa Securities") disclosure requirements have been complied with;
- To ensure consistency with Bursa Securities' commitment towards a high standard of corporate disclosure;
- To adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to shareholders.

3.4 Duties and Responsibilities

- To recommend the nomination of person/persons as external auditors and to consider their fees;
- To review and report to the Board – issues pertaining to the termination/resignation of external auditors;
- To report to the Board after review with external auditors on audit plan and report, evaluation of internal control system and Management letters and Management responses;
- To review and report to the Board on the adequacy and effectiveness of internal audit functions performed;
- To review and report to the Board on the quarterly results of financial statements, focusing on major accounting policy changes, significant and unusual events, accounting standards and legal requirements and the going concern assumption;
- To review and report to the Board on conflict of interest in related party transactions;
- To inform the Board on breaches of Bursa Securities requirements;

Report on Audit Committee (Continued)

3. Terms of Reference (continued)

3.5 Powers and Authority

In the discharge of its duties, the KAC has the following rights:-

- Is authorized to investigate any matter within its terms of reference;
- Has full and unrestricted access to any information and resources to perform its function;
- Has direct communication to both internal and external auditors and able to meet in the absence of executive members of KAC;
- Able to obtain independent professional advice, when necessary.

3.6 Meetings

- The KAC shall meet at least four (4) times a year;
- The Group Financial Controller and representatives of both external and internal auditors shall be invited to attend the meetings;
- The quorum for the KAC meetings shall be the presence of a majority of non-executive members;
- The Chairman shall call for a meeting to discuss any material issue requiring shareholders' attention, if so requested by the external auditors;
- The KAC shall meet with the external auditors, without executive board members, at least twice a year.

The Terms of Reference have incorporated the amended provisions in Bursa Malaysia Securities' Listing Requirements, which took effect from 28 January 2008.

4. Internal Audit Function

On 19 June 2009, the internal audit function was out-sourced to BDO Governance Advisory Sdn. Bhd. Our internal auditors have developed an annual audit plan to support and execute internal control reviews. The internal audit function includes conduct of follow-up reviews on the status of implementation of recommendations agreed by management in the earlier audits and conduct of three (3) internal control reviews for 2009. The internal auditors would present audit reports to the KAC on a quarterly basis or when required. The internal auditors would also provide feedback to the Board of Directors, KAC and Senior Management in respect of corporate governance issues in the course of their internal audit reviews.

5. Activities of the Committee

In 2009, the KAC held four (4) meetings as scheduled in their corporate calendar, to discuss and consider each of the draft quarterly result announcements, final accounts and the 2008 annual report before recommending for approval by the Board.

Similarly, the statutory accounts for the previous year and the various accounting provisions required were reviewed to ensure due compliance with group policies and the appropriate accounting standards.

As part of the process, the KAC also discussed the annual audited financial statements with the external auditors as well as their findings and recommendations. The KAC also assessed the effectiveness of the system of internal controls in the areas audited and discussions are held before approval of the Annual Internal Audit Memorandum.

The KAC consistently reviewed the terms and procedures of the Recurrent Related Party Transactions (RRPT) on a quarterly basis during their meetings, to ensure that RRPT are carried out on normal commercial terms which were not prejudicial to the interests of minority shareholders.

During the financial year ended 31.12.2009, the internal auditors have carried out reviews on the following business processes:-

- o Procurement to pay cycle;
- o Sales to receipt cycle;
- o Production and inventory management;
- o Follow-up review on Sales Order Management; and
- o Follow-up review on Control and Monitoring over Assets Movement.

The KAC regularly reviews the status of fraud risk, risk management, safety and health activities, legal cases, related party transactions and all relevant financial and tax issues to ensure due compliance with the rules and regulations of various authorities.

Financial Calendar

Date	Event
28 April 2009	Notice of Thirteenth (13th) Annual General Meeting
8 May 2009	Proposed acquisition by the Company of 50,000 ordinary shares of RM1.00 each (representing 50% of the issued and paid-up share capital) in Kind Home Appliances Sdn Bhd for a total purchase consideration of RM15,500.00
15 May 2009	Announcement of unaudited results for the First Quarter ended 31 March 2009
28 May 2009	Thirteenth (13th) Annual General Meeting
29 June 2009	Notice of interim tax-exempt dividend of 5% payable on 18 August 2009 for the financial year ended 31 December 2009
2 July 2009	Completion of acquisition by the Company of 50,000 ordinary shares of RM1.00 each (representing 50% of the issued and paid-up share capital) in Kind Home Appliances Sdn Bhd for a total purchase consideration of RM15,500.00
30 July 2009	Announcement of unaudited results for the Second Quarter ended 30 June 2009
25 September 2009	Completion of Disposal of Property by the Company's wholly owned subsidiary Kind Customer Service Sdn. Bhd.
6 November 2009	Announcement of unaudited results for the Third Quarter ended 30 September 2009
21 December 2009	Notice of interim tax-exempt dividend of 5% payable on 9 February 2010 for the financial year ended 31 December 2009
18 January 2010	Proposed acquisition by the Company from Multi Synergy Group Sdn Bhd of 2 Units of 3-storey semi detached factory known as Lot 29 and Lot 30 to be built on part of the land held under issue document of titles Geran 58823 Lot 64237 and Geran 58824 Lot 64238, both of Mukim Damansara Daerah Petaling Negeri Selangor for a total purchase consideration of RM6,593,000.00.
25 February 2010	Announcement of unaudited results for the Final Quarter ended 31 December 2009
12 March 2010	Proposed Renewal of 2009 shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.

Financial Statements

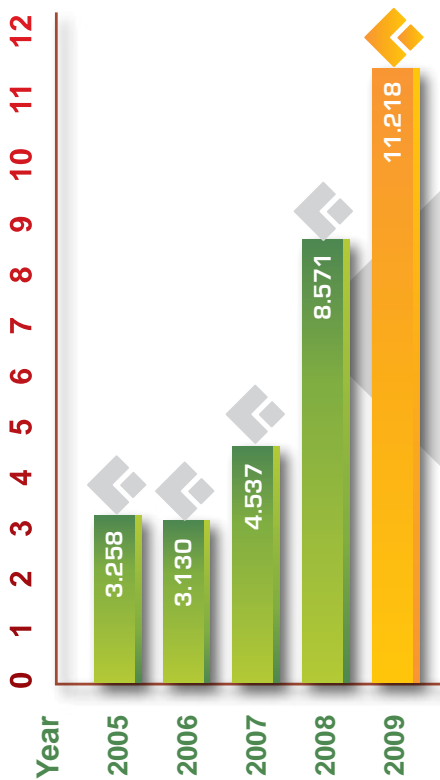
2009 annual report



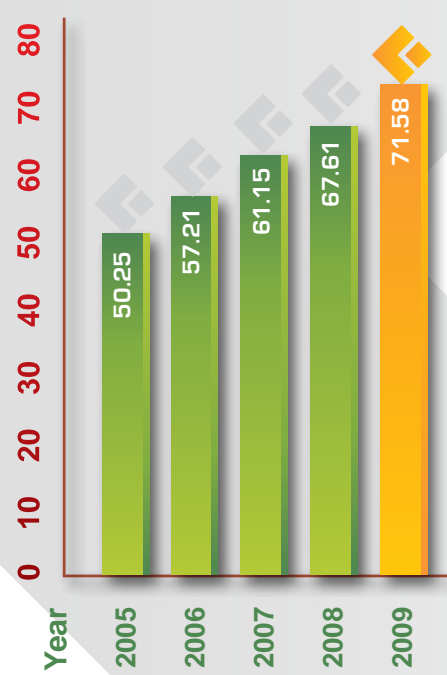
Financial Statements



Profit Before Income Tax RM Million

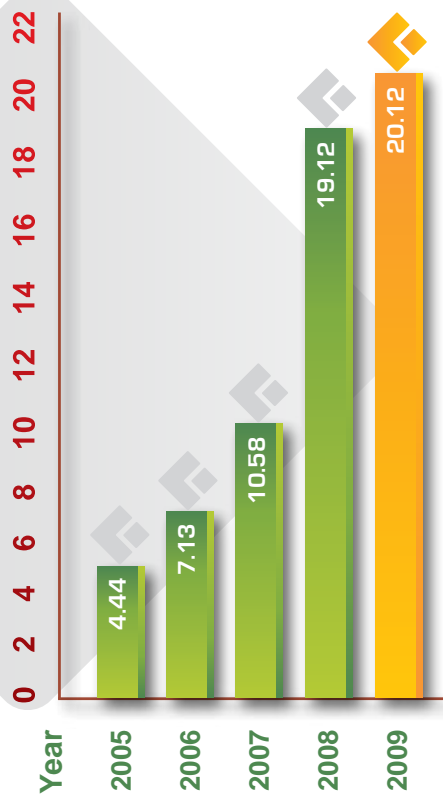


Shareholder's Funds RM Million





Earnings Per Share RM Million



Group Turnover RM Million



Directors' report for the year ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to equity holders of the Company	8,061	3,859

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 5.0 sen per ordinary share totalling RM2,002,950 in respect of the year ended 31 December 2009 on 18 August 2009.

The Director recommended the payment of a second interim tax exempt dividend of 5.0 sen per ordinary share totalling RM2,002,950 in respect of the year ended 31 December 2009 to be paid on 9 February 2010.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009.

Directors of the Company

Directors who served since the date of the last report are:

Cheng King Fa
Cheng Ping Keat
Tan Lay Kuan @ Tan Lay Wah
Md Azmi Bin Lop Yusof
Lee Ah Lan @ Lee Keok Hooi
Kamil Bin Datuk Haji Abdul Rahman

Directors' report for the year ended 31 December 2009 (Continued)

Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
Cheng King Fa:				
Interest in the Company:				
– own	979,967	845,634	-	1,825,601
– others*	2,146,758	2,000	(844,634)	1,304,124
Cheng Ping Keat:				
Interest in the Company:				
– own	1,107,720	-	-	1,107,720
– others**	1,556,599	-	-	1,556,599
Deemed interest in the Company:				
– own	15,708,837	-	-	15,708,837
Md Azmi Bin Lop Yusof:				
Interest in the Company:				
– own	1,469,974	-	-	1,469,974
Tan Lay Kuan @ Tan Lay Wah:				
Interest in the Company:				
– own	13,333	-	-	13,333
– others***	242,667	-	-	242,667

* Cheng Yoke Leng, Cheng Yoke Kan and Lew Kuan Hwa are the daughters and spouse of Cheng King Fa. In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interests of Cheng Yoke Leng, Cheng Yoke Kan and Lew Kuan Hwa in the shares of the Company shall be treated as the interests of Cheng King Fa.

** Koh Guat Kuan is the spouse of Cheng Ping Keat. In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interests of Koh Guat Kuan in the shares of the Company shall be treated as the interests of Cheng Ping Keat.

*** Cheing Boon Ngoun @ Chean Puan In is the spouse of Tan Lay Kuan @ Tan Lay Wah. In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interests of Cheing Boon Ngoun @ Chean Puan In in the shares of the Company shall be treated as the interests of Tan Lay Kuan @ Tan Lay Wah.

By virtue of their interests in the shares of the Company, Cheng King Fa and Cheng Ping Keat are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Khind Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' report for the year ended 31 December 2009 (Continued)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up share capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Directors' report for the year ended 31 December 2009 (Continued)

Other statutory information (continued)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

CHENG KING FA

CHENG PING KEAT

Kuala Lumpur, Malaysia

Date: 18 March 2010

Balance Sheets at 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 restated	2009 RM'000	2008 RM'000
Assets					
Property, plant and equipment	3	24,836	25,418	118	160
Intangible assets	4	2,057	2,129	103	202
Investments in subsidiaries	5	-	-	29,404	29,709
Other investments	6	1,023	25	1,006	6
Deferred tax assets	7	2,268	1,661	868	662
Total non-current assets		30,184	29,233	31,499	30,739
Receivables, deposits and prepayments	8	38,304	41,667	22,144	24,814
Inventories	9	32,285	40,472	-	-
Current tax assets		147	1,218	1,153	599
Assets classified as held for sale	10	-	2,180	-	-
Cash and cash equivalents	11	24,705	12,119	4,468	2,459
Total current assets		95,441	97,656	27,765	27,872
Total assets		125,625	126,889	59,264	58,611
Equity					
Share capital		40,059	40,059	40,059	40,059
Translation reserve		(142)	(56)	-	-
Retained earnings		31,666	27,611	10,079	10,226
Total equity attributable to equity holders of the Company		71,583	67,614	50,138	50,285
Minority interest		-	15	-	-
Total equity	12	71,583	67,629	50,138	50,285
Liabilities					
Loans and borrowings	13	9,330	3,586	-	-
Deferred tax liabilities	7	1,166	1,052	-	-
Total non-current liabilities		10,496	4,638	-	-
Current tax liabilities		863	830	-	-
Payables and accruals	14	25,110	30,661	7,123	8,326
Dividend payable	20	2,003	-	2,003	-
Loans and borrowings	13	15,570	23,131	-	-
Total current liabilities		43,546	54,622	9,126	8,326
Total liabilities		54,042	59,260	9,126	8,326
Total equity and liabilities		125,625	126,889	59,264	58,611

The notes on 39 to 69 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations					
Revenue	15	183,601	185,361	11,263	6,260
Cost of goods sold		(125,715)	(131,324)	-	-
Gross profit		57,886	54,037	11,263	6,260
Other income		1,253	1,327	-	-
Distribution expenses		(24,864)	(24,946)	-	-
Administrative expenses		(21,091)	(20,151)	(6,945)	(5,696)
Other operating expenses		(158)	(69)	-	-
Operating profit		13,026	10,198	4,318	564
Interest income		147	86	35	-
Finance costs		(1,955)	(1,713)	-	-
Profit before tax	16	11,218	8,571	4,353	564
Tax expense	18	(3,157)	(934)	(494)	562
Profit for the year		8,061	7,637	3,859	1,126
Attributable to:					
Equity holders of the Company		8,061	7,660	3,859	1,126
Minority interest		-	(23)	-	-
Profit for the year		8,061	7,637	3,859	1,126
Basic earnings per ordinary share (sen):	19	20.12	19.12		

The notes on 39 to 69 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2009

Group	Note	----- Attributable to equity holders of the Company -----					Total equity
		Share capital	Translation reserve	Retained earnings	Total	Minority interest	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008		40,059	(341)	21,433	61,151	38	61,189
Foreign exchange translation differences		-	285	-	285	-	285
Net gain recognised directly in equity		-	285	-	285	-	285
Profit for the year		-	-	7,660	7,660	(23)	7,637
Total recognised income and expense for the year		40,059	(56)	29,093	69,096	15	69,111
Dividends to shareholders		-	-	(1,482)	(1,482)	-	(1,482)
At 31 December 2008/1 January 2009		40,059	(56)	27,611	67,614	15	67,629
Foreign exchange translation differences		-	(86)	-	(86)	-	(86)
Net loss recognised directly in equity		-	(86)	-	(86)	-	(86)
Profit for the year		-	-	8,061	8,061	-	8,061
Total recognised income and expense for the year		40,059	(142)	35,672	75,589	15	75,604
Acquisition of minority interest	26	-	-	-	-	(15)	(15)
Dividends to shareholders	20	-	-	(4,006)	(4,006)	-	(4,006)
At 31 December 2009		40,059	(142)	31,666	71,583	-	71,583

Statement of Changes in Equity for the year ended 31 December 2009

Company	Note	Non - distributable	Distributable	Total equity
		Share capital	Retained earnings	
		RM'000	RM'000	RM'000
At 1 January 2008		40,059	10,582	50,641
Profit for the year		-	1,126	1,126
Dividends to shareholders	20	-	(1,482)	(1,482)
At 31 December 2008/1 January 2009		40,059	10,226	50,285
Profit for the year		-	3,859	3,859
Dividends to shareholders	20	-	(4,006)	(4,006)
At 31 December 2009		40,059	10,079	50,138

The notes on 39 to 69 are an integral part of these financial statements.

Cash flow Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000
Cash flows from operating activities					
Profit before tax		11,218	8,571	4,353	564
Adjustments for:-					
Allowance for diminution in value		-	72	-	72
Amortisation of intangible assets	4	72	122	99	99
Change in fair value of investment property		-	(359)	-	-
Depreciation of property, plant and equipment	3	1,917	1,735	78	77
Finance costs		1,955	1,713	-	-
(Gain)/Loss on disposal of property, plant and equipment		(60)	(88)	-	2
Impairment loss on investment in a subsidiary		-	-	321	-
Interest income		(147)	(86)	(35)	-
investments written off		2	-	-	-
Operating profit before changes in working capital		14,957	11,680	4,816	814
Changes in working capital:					
Inventories		8,187	(8,669)	-	-
Payables and accruals		(5,553)	6,753	(1,116)	1,938
Receivables, deposits and prepayments		3,363	4,354	(488)	445
Cash generated from operations		20,954	14,118	3,212	3,197
Tax refunded		-	362	-	311
Tax paid		(2,548)	(1,427)	(1,254)	-
Net cash generated from operating activities		18,406	13,053	1,958	3,508
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(920)	(3,279)	(36)	(21)
Acquisition of other investments		(1,000)	-	(1,000)	-
Acquisition of minority interest	26	(16)	-	-	-
Increase in investment in subsidiary		-	-	(16)	(812)
Interest received		147	86	35	-
Decrease/(Increase) in deposits pledged with licensed banks	11	1,525	(15)	-	-
Proceeds from disposal of asset held for sale		2,180	-	-	-
Proceeds from disposal of property plant and equipment		60	110	-	2
Repayment / Advances from subsidiaries		-	-	3,069	885
Net cash generated from/(used in) investing activities		1,976	(3,098)	2,052	54

Cash flow Statements

for the year ended 31 December 2009 (Continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000
Cash flows from financing activities					
Dividend paid to shareholders of the Company	20	(2,001)	(1,482)	(2,001)	(1,482)
Interest paid		(1,955)	(1,713)	-	-
Repayment of bank borrowings		(1,132)	(2,932)	-	-
Repayment of hire purchase liabilities		(400)	(257)	-	-
Net cash used in financing activities		(5,488)	(6,384)	(2,001)	(1,482)
Net increase in cash and cash equivalents		14,894	3,571	2,009	2,080
Effect of exchange rate fluctuations on cash held		(98)	(223)	-	-
Cash and cash equivalents at 1 January	(i)	9,536	6,188	2,459	379
Cash and cash equivalents at 31 December	(i)	24,332	9,536	4,468	2,459

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	11	13,818	8,593	215	2,009
Deposits with licensed banks	11	10,887	3,526	4,253	450
Bank overdraft - secured	13	(368)	(520)	-	-
Bank overdraft - unsecured	13	(5)	(538)	-	-
		24,332	11,061	4,468	2,459
Less: Deposits pledged	11	-	(1,525)	-	-
		24,332	9,536	4,468	2,459

ii) *Acquisition of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,320,000 (2008 - RM3,405,000), of which RM400,000 (2008 - RM621,000) were acquired by means of hire purchase plans.

The notes on 39 to 69 are an integral part of these financial statements.

Notes to the Financial Statements

Khind Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its principal place of business which is also its registered office is as follow:

No. 2, Jalan Astaka U8/82
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2009 do not include other entities.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 5.

The financial statements were approved by the Board of Directors on 18 March 2010.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards and interpretations that have been issued by the MASB, which are relevant to their operations, but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- *FRS 8, Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- *FRS 4, Insurance Contracts*
- *FRS 7, Financial Instruments: Disclosures*
- *FRS 101, Presentation of Financial Statements (revised)*
- *FRS 123, Borrowing Costs (revised)*
- *FRS 139, Financial Instruments: Recognition and Measurement*
- *Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- *Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations*
- *Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- *Amendments to FRS 139, Financial Instruments: Recognition and FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives*
- *Amendments to FRS 139, Financial Instruments: Recognition and Measurement*
- *Improvements to FRSs (2009)*
- *IC Interpretation 9, Reassessment of Embedded Derivatives*
- *IC Interpretation 10, Interim Financial Reporting and Impairment*
- *IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions*
- *IC Interpretation 13, Customer Loyalty Programmes*
- *IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

Notes to the Financial Statements (Continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- *FRS 1, First-time Adoption of Financial Reporting Standards (revised)*
- *FRS 3, Business Combinations (revised)*
- *FRS 127, Consolidated and Separate Financial Statements (revised)*
- *Amendments to FRS 2, Share-based Payment*
- *Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations*
- *Amendments to FRS 138, Intangible Assets*
- *IC Interpretation 12, Service Concession Agreements*
- *IC Interpretation 15, Agreements for the Construction of Real Estate*
- *IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation*
- *IC Interpretation 17, Distribution of Non-cash Assets to Owners*
- *Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives*

In this set of financial statements, the Group and the Company has chosen to early adopt the amendments to FRS117, Leases under the Improvements to FRSs (2009). All other abovementioned standards, amendments and interpretations have not been applied by the Group and the Company in preparing this set of financial statements.

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, and IC Interpretation 11, 13 and 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 2, IC Interpretation 12, 15, 16 and 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes which will become effective for the Group's financial statements for the year ending 31 December 2010. Significant amendments that have material impact are:

FRS 117, Leases

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The Group has chosen to early adopt the amendments and this change in accounting policy will result in classification of lease of land amounting to RM4,878,614 as at 31 December 2009 from prepaid lease payments to property, plant and equipment.

Notes to the Financial Statements (Continued)

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment property as explained in its accounting policy note.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements other than those disclosed in the following notes:-

- *Note 7 - recognition of unutilised tax losses and capital allowances*
- *Note 24 - contingencies*

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, except as disclose in Note 2(d) - Lease assets.

The comparatives in the financial statements have been restated to take into account the effect of adopting the amendments to FRS 117, Leases (see Note 27).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) *Changes in Group composition (continued)*

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) *Minority interest*

Minority interests at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date except for goodwill and fair value adjustments arising from business combination before 1 January 2006, which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction and building-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative period are as follows:

• Leasehold land	50-99 years
• Office and factory buildings	40-50 years
• Plant and machinery	5-10 years
• Tools and moulds	5-10 years
• Furniture, fittings and office equipment	3-10 years
• Motor vehicles	5 years
• Renovations	5-10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In the previous year, leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

The Group has early adopted the amendments to FRS 117, Leases which is effective for the period beginning on 1 January 2010 in relation to the classification of lease of land. Leasehold land which is in substance a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(ii) Patents and trademarks

Costs associated with the acquisitions of product patents and trademarks, which derived a benefit or relationship to more than one accounting period are capitalised as intangible assets.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that they may be impaired. Amortisation of patent and trademarks is charged to the income statements on a straight-line basis over a period of ten (10) years.

(f) Investments

Investments in equity securities

Investments in equity securities are recognised initially at cost plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(i) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

The carrying amounts of assets except for inventories, deferred tax assets, financial assets and investment property that is measured at fair value are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated usually at each reporting date. For goodwill that have indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis. The goodwill acquired in a business combination for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

Short-term employee benefits (continued)

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Revenue recognition

(i) *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) *Rental income*

Rental incomes from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(iv) *Management fees*

Management fees are recognised in the income statements on an accrual basis.

Notes to the Financial Statements (Continued)

2. Significant accounting policies (continued)

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when it is utilised.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements (Continued)

3. Property, plant and equipment

<i>Group</i>	<i>Note</i>	<i>Leasehold land RM'000</i>	<i>Office and factory buildings RM'000</i>	<i>Plant and machinery RM'000</i>	<i>Tools and moulds RM'000</i>	<i>Furniture, fittings and office equipment RM'000</i>	<i>Motor vehicles RM'000</i>	<i>Renovations RM'000</i>	<i>Total RM'000</i>
Cost									
At 1 January 2008, restated		4,930	18,685	4,756	11,040	5,931	2,858	1,756	49,956
Additions		495	1,631	245	694	454	264	117	3,900
Disposals		-	-	(90)	(145)	(74)	(42)	-	(351)
Transfer to assets held for sale	10	-	-	-	-	-	-	(641)	(641)
Effect of movements in exchange rates		-	-	-	-	10	4	4	18
At 31 December 2008/ 1 January 2009, restated		5,425	20,316	4,911	11,589	6,321	3,084	1,236	52,882
Additions		-	-	127	467	262	262	202	1,320
Disposals		-	-	-	-	-	(213)	-	(213)
Effect of movements in exchange rates		-	16	-	-	(2)	2	1	17
At 31 December 2009		5,425	20,332	5,038	12,056	6,581	3,135	1,439	54,006
Depreciation									
At 1 January 2008, restated		399	3,687	4,441	10,136	4,455	1,999	1,351	26,468
Depreciation for the year	16	70	365	141	261	585	292	21	1,735
Disposals		-	-	(90)	(136)	(61)	(42)	-	(329)
Transfer to assets held for sale	10	-	-	-	-	-	-	(420)	(420)
Effect of movements in exchange rates		-	-	-	-	5	1	4	10
At 31 December 2008/ 1 January 2009, restated		469	4,052	4,492	10,261	4,984	2,250	956	27,464
Depreciation for the year	16	78	392	135	324	513	316	159	1,917
Disposals		-	-	-	-	-	(213)	-	(213)
Effect of movements in exchange rates		-	1	-	-	(1)	1	1	2
At 31 December 2009		547	4,445	4,627	10,585	5,496	2,354	1,116	29,170
Carrying amounts									
At 1 January 2008		4,531	14,998	315	904	1,476	859	405	23,488
At 31 December 2008/ 1 January 2009		4,956	16,264	419	1,328	1,337	834	280	25,418
At 31 December 2009		4,878	15,887	411	1,471	1,085	781	323	24,836

Notes to the Financial Statements (Continued)

3. Property, plant and equipment (continued)

Company	Note	Furniture, fittings and office equipment RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 2008		274	111	385
Additions		21	-	21
Disposals		(8)	-	(8)
At 31 December 2008/1 January 2009		287	111	398
Additions		36	-	36
At 31 December 2009		323	111	434
Depreciation				
At 1 January 2008				
Accumulated depreciation		115	50	165
Depreciation for the year	16	55	22	77
Disposals		(4)	-	(4)
At 31 December 2008/1 January 2009		166	72	238
Depreciation for the year	16	56	22	78
At 31 December 2009		222	94	316
Carrying amounts				
At 1 January 2008		159	61	220
At 31 December 2008/1 January 2009		121	39	160
At 31 December 2009		101	17	118

Title deeds to the leasehold land and office buildings of the Group with a carrying amount of RM682,000 (2008 - RM696,000) and RM5,145,000 (2008 - RM5,257,000) respectively belonging to four (4) (2008 - four (4)) subsidiaries are in the process of being registered in the names of these companies.

Notes to the Financial Statements (Continued)

3. Property, plant and equipment (continued)

Security

At 31 December 2009, leasehold land and office buildings of the Group with a carrying amount of RM1,589,000 and RM5,198,000 (2008 - RM1,627,000 and RM5,300,000) respectively have been pledged as securities for the bank facilities granted to the Group (refer Note 13).

Assets under hire purchase

Included in property, plant and equipment of the Group are tools and moulds, and motor vehicles acquired under hire purchase arrangements with a carrying amount of RM1,437,000 (2008 - RM918,000).

4. Intangible assets

Group	Note	Goodwill RM'000	Patents and trademarks RM'000	Total RM'000
Cost				
At 1 January/31 December 2008		1,954	1,100	3,054
Acquisition of minority interest	26	- *	-	- *
At 31 December 2009		1,954	1,100	3,054
Amortisation				
At 1 January 2008				
Accumulated amortisation		-	803	803
Amortisation for the year	16	-	122	122
At 31 December 2008/1 January 2009				
Accumulated amortisation		-	925	925
Amortisation for the year	16	-	72	72
At 31 December 2009				
Accumulated amortisation		-	997	997
Carrying amounts				
At 1 January 2008		1,954	297	2,251
At 31 December 2008/1 January 2009		1,954	175	2,129
At 31 December 2009		1,954	103	2,057

* Denotes RM165

4.1 Impairment testing for cash-generating units containing goodwill

The recoverable amount of goodwill was based on its value in use.

Value in use was determined by discounting the future cash flows generated from the investments in the subsidiaries and was based on the following key assumptions:

- Cash flows were projected based on actual operating results.
- The subsidiaries will continue its operation indefinitely.
- The size of operation will remain with at least or not lower than the current results.

The key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

Notes to the Financial Statements (Continued)

4. Intangible assets (continued)

4.1 Impairment testing for cash-generating units containing goodwill (continued)

Company	Note	Patents and trademarks RM'000	Total RM'000
Cost			
At 1 January/31 December 2008/ 31 December 2009		1,000	1,000
Amortisation			
At 1 January 2008			
Accumulated amortisation		699	699
Amortisation for the year	16	99	99
At 31 December 2008/1 January 2009			
Accumulated amortisation		798	798
Amortisation for the year	16	99	99
At 31 December 2009			
Accumulated amortisation		897	897
Carrying amounts			
At 1 January 2008		301	301
At 31 December 2008/1 January 2009		202	202
At 31 December 2009		103	103

5. Investments in subsidiaries

	Company	
	2009 RM'000	2008 RM'000
At cost:		
Unquoted shares	29,725	29,709
Less: Impairment loss	(321)	-
	29,404	29,709

The impairment recognised represents the allowance made to adjust the carrying amount of a subsidiary to its estimated recoverable amount.

Notes to the Financial Statements (Continued)

5. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of Incorporation	Effective ownership interest	
			2009 %	2008 %
Khind Industries Sdn. Bhd.	Dormant	Malaysia	100	100
Khind Customer Service Sdn. Bhd. (formerly known as Khind Marketing (M) Sdn. Bhd.)	Providing general repair and rework services and renting of commercial properties	Malaysia	100	100
Khind-Mistral (Sabah) Sdn. Bhd.	Renting of properties and motor vehicles	Malaysia	100	100
Khind-Mistral (Borneo) Sdn. Bhd.	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
Khind Components Sdn. Bhd.	Dormant	Malaysia	100	100
Khind-Mistral Industries Sdn. Bhd.	Manufacture and sale of electrical home appliances and wiring accessories	Malaysia	100	100
Khind-Mistral (M) Sdn. Bhd.	Trading in electrical products	Malaysia	100	100
Khind Technology Centre Sdn. Bhd.	Dormant	Malaysia	100	100
Khind Home Appliances Sdn. Bhd.**	Dormant	Malaysia	100	50
Mistral (Singapore) Pte. Ltd.*	Trading in electrical products	Singapore	100	100
Khind Middle East FZE * #	Trading in home appliances	Dubai	100	100
Indesico (M) Sdn. Bhd.	Trading in electrical home appliances	Malaysia	100	100

* Not audited by KPMG.

** During the year, the Company acquired the remaining 50% interest of Khind Home Appliances Sdn. Bhd. on 1 July 2009 with a cash consideration of RM15,500. In the previous year, the Group consolidated its investment in Khind Home Appliances Sdn. Bhd. on the premise that the Group was able to govern the financial and operating policies of the company by virtue of an agreement with the other investor of Khind Home Appliances Sdn. Bhd.. In addition, the Group has board control of the company.

The entire equity interest is held by the Company's subsidiary, Khind-Mistral Industries Sdn. Bhd.

Notes to the Financial Statements (Continued)

6. Other investments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
At cost:				
Quoted shares in Malaysia	95	97	78	78
Less: Allowance for diminution in value	(72)	(72)	(72)	(72)
	23	25	6	6
Investment in trust fund	1,000	-	1,000	-
	1,023	25	1,006	6
Market value:				
Quoted shares in Malaysia	69	43	6	6
Investment in trust fund	1,011	-	1,011	-

7. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group						
Property, plant and equipment	-	-	(1,751)	(1,744)	(1,751)	(1,744)
Investment property	-	-	-	(115)	-	(115)
Tax loss carry-forwards	399	259	-	-	399	259
Unutilised capital allowances carry-forwards	72	65	-	-	72	65
Provisions	2,484	2,247	-	-	2,484	2,247
Other items	-	-	(102)	(103)	(102)	(103)
Tax assets/(liabilities)	2,955	2,571	(1,853)	(1,962)	1,102	609
Set off of tax	(687)	(910)	687	910	-	-
Net tax assets/(liabilities)	2,268	1,661	(1,166)	(1,052)	1,102	609
Company						
Property, plant and equipment	-	-	(15)	(23)	(15)	(23)
Tax loss carry-forwards	399	352	-	-	399	352
Unutilised capital allowances carry-forwards	72	62	-	-	72	62
Provisions	412	271	-	-	412	271
Tax assets/(liabilities)	883	685	(15)	(23)	868	662
Set off of tax	(15)	(23)	15	23	-	-
Net tax assets	868	662	-	-	868	662

Notes to the Financial Statements (Continued)

7. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deductible temporary differences	(872)	(585)	-	-
Tax loss carry-forwards	(1,920)	(412)	-	-
Unutilised capital allowances carry - forwards	(70)	(7)	-	-
	<u>(2,862)</u>	<u>(1,004)</u>	<u>-</u>	<u>-</u>
Tax at 25% (2008:25%)	<u>715</u>	<u>251</u>	<u>-</u>	<u>-</u>

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

8. Receivables, deposits and prepayments

Note	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current				
Trade				
Trade receivables	32,590	35,546	-	-
Less: Allowance for doubtful debts	(1,860)	(1,206)	-	-
8.1	<u>30,730</u>	<u>34,340</u>	<u>-</u>	<u>-</u>
Non-trade				
Other receivables	7,043	7,687	5	5
Less: Allowance for doubtful debts	(1,236)	(1,236)	-	-
8.2	<u>5,807</u>	<u>6,451</u>	<u>5</u>	<u>5</u>
Amount due from subsidiaries	-	-	21,412	24,570
8.3	<u>-</u>	<u>-</u>	<u>21,412</u>	<u>24,570</u>
Deposits	253	294	-	-
Prepayments	1,514	582	727	239
8.4	<u>7,574</u>	<u>7,327</u>	<u>22,144</u>	<u>24,814</u>
	<u>38,304</u>	<u>41,667</u>	<u>22,144</u>	<u>24,814</u>

8.1 Trade receivables

All trade receivables are denominated in the functional currency, which is in Ringgit Malaysia ("RM"). During the year, bad debts of RM74,000 (2008 - RM528,000) was written off against allowance for doubtful debts.

8.2 Other receivables

Included in other receivables is an amount of RM5,685,000 (2008 - RM6,080,000) being advances paid for the purchases of inventories.

8.3 Amount due from subsidiaries

Amount due from subsidiaries are in respect of advances, which are unsecured, interest free and repayable on demand.

8.4 Prepayments

Prepayments are stated at cost less an allowance for doubtful debts of RM267,000 (2008 - RM267,000).

Notes to the Financial Statements (Continued)

9. Inventories

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Raw materials	2,944	3,086	-	-
Work-in-progress	459	311	-	-
Manufactured inventories	28,882	37,075	-	-
	<u>32,285</u>	<u>40,472</u>	<u>-</u>	<u>-</u>

The write-down of inventories and reversal of write-down of inventories to net realisable value amounted to RM372,000 and RM4,000 (2008 - RM306,000 and RM105,000) respectively. The write-down and reversal are included in cost of sales.

10. Assets classified as held for sale

On 25 September 2008, a subsidiary accepted an offer from a third party to purchase its investment property together with its property, plant and equipment for RM2,180,000 and the sale and purchase agreement was entered into on 11 March 2009. The disposal of the investment property was completed on 25 September 2009.

The assets held for sale were as follow:

	Group	
	2009 RM'000	2008 RM'000
Property, plant and equipment		
Cost	-	641
Accumulated depreciation	-	(420)
	-	221
Investment property	-	1,959
	-	<u>2,180</u>

11. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits are placed with licensed banks	10,887	3,526	4,253	450
Cash and bank balances	13,818	8,593	215	2,009
	<u>24,705</u>	<u>12,119</u>	<u>4,468</u>	<u>2,459</u>

11.1 Deposits placed with licensed banks pledged for bank facilities

Included in the deposits placed with licensed banks is RM Nil (2008 - RM1,525,000) of the Group pledged for bank facilities granted to subsidiaries (refer Note 13).

Notes to the Financial Statements (Continued)

12. Share capital and reserves

Share capital

	Group and Company			
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
Authorised:				
Ordinary shares of RM1 each	50,000	50,000	50,000	50,000
Issued and fully paid:				
Ordinary shares of RM1 each	40,059	40,059	40,059	40,059

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2009 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the remaining Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

13. Loans and borrowings

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
Secured term loans	8,837	2,946	-	-
Hire purchase liabilities	493	640	-	-
	9,330	3,586	-	-
Current				
Secured term loans	680	497	-	-
Secured bank overdrafts	368	520	-	-
Unsecured bank overdrafts	5	538	-	-
Secured bankers' acceptances	-	8,412	-	-
Unsecured bankers' acceptances	12,433	11,307	-	-
Hire purchase liabilities	449	302	-	-
Unsecured trust receipts	-	1,555	-	-
Secured trust receipts	1,635	-	-	-
	15,570	23,131	-	-
	24,900	26,717	-	-

Security

The secured term loans and trust receipts are secured by way of:

- i) fixed charges over the Group's leasehold land and office buildings (refer Note 3); and
- ii) corporate guarantee from the Company.

Notes to the Financial Statements (Continued)

13. Loans and borrowings (continued)

Security (continued)

Secured bank overdrafts are secured by ways of fixed charges over the Group's office building (refer Note 3) and are guaranteed by the Company.

In the previous year, the secured banker's acceptances were secured by way of:

- i) pledge over certain deposits placed with licensed banks of the Group (refer Note 11) ; and
- ii) corporate guarantee from the Company.

Unsecured bank overdrafts, bankers' acceptances and trust receipts are supported by negative pledge executed by a subsidiary and guaranteed by the Company.

Significant covenants for the term loans

The following are the significant covenants for the term loans applicable to the Group:

- i) not to create or permit to exist any security over the leasehold land and office building; and
- ii) not to allow any change in the majority shareholders or the majority shareholders' shareholdings without the prior consents of the lenders.

Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
2009						
Secured term loans						
- variable	2014 to 2028	9,517	680	863	2,260	5,714
Secured bank overdrafts	2010	368	368	-	-	-
Unsecured bank overdrafts	2010	5	5	-	-	-
Unsecured bankers' acceptances	2010	12,433	12,433	-	-	-
Secured trust receipts	2010	1,635	1,635	-	-	-
Hire purchase liabilities	2010 to 2014	942	449	284	209	-
		<u>24,900</u>	<u>15,570</u>	<u>1,147</u>	<u>2,469</u>	<u>5,714</u>
2008						
Secured term loans						
- fixed	2012	420	180	180	60	-
- variable	2013 to 2018	3,023	317	417	1,048	1,241
Secured bank overdrafts	2009	520	520	-	-	-
Unsecured bank overdrafts	2009	538	538	-	-	-
Secured bankers' acceptances	2009	8,412	8,412	-	-	-
Unsecured bankers' acceptances	2009	11,307	11,307	-	-	-
Unsecured trust receipts	2009	1,555	1,555	-	-	-
Hire purchase liabilities	2009 to 2011	942	302	294	346	-
		<u>26,717</u>	<u>23,131</u>	<u>891</u>	<u>1,454</u>	<u>1,241</u>

Notes to the Financial Statements (Continued)

13. Loans and borrowings (continued)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2009 RM'000	2009 RM'000	2009 RM'000	2008 RM'000	2008 RM'000	2008 RM'000
Less than one year	493	44	449	351	49	302
Between one and five years	528	35	493	690	50	640
	<u>1,021</u>	<u>79</u>	<u>942</u>	<u>1,041</u>	<u>99</u>	<u>942</u>

14. Payables and accruals

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables	14.1	10,717	15,424	-	-
Non-trade					
Amount due to subsidiaries	14.2	-	-	5,600	5,689
Other payables		4,013	9,609	1,523	2,637
Accrued expenses		10,380	5,628	-	-
		<u>14,393</u>	<u>15,237</u>	<u>7,123</u>	<u>8,326</u>
		<u>25,110</u>	<u>30,661</u>	<u>7,123</u>	<u>8,326</u>

14.1 Trade payables

All trade payables are denominated in the functional currency, which is in Ringgit Malaysia ("RM").

14.2 Amount due to subsidiaries

Amount due to subsidiaries are in respect of advances, which are unsecured, interest free and repayable on demand.

15. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales	183,504	185,220	-	-
Management fees	-	-	3,263	3,294
Rental income	97	141	-	-
Dividends	-	-	8,000	2,966
	<u>183,601</u>	<u>185,361</u>	<u>11,263</u>	<u>6,260</u>

Notes to the Financial Statements (Continued)

16. Profit before tax

	Note	Group		Company	
		2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000
Profit before tax is arrived at after charging:					
Allowance for diminution in value		-	72	-	72
Allowance for doubtful debts		752	753	-	-
Amortisation on intangible assets	4	72	122	99	99
Auditors' remuneration:					
- Statutory audit					
Auditors of the Company		128	119	24	20
Other auditors		23	27	-	-
- Other services					
		8	8	8	8
Bad debts written off		298	528	188	-
Depreciation on property, plant and equipment	3	1,917	1,735	78	77
Impairment loss on investment in subsidiaries		-	-	321	-
Interest expense on:					
- Bank overdrafts					
		30	48	-	-
- Loans					
		565	186	-	-
- Other borrowings					
		1,360	1,479	-	-
Investments written off	6	2	-	-	-
Loss on disposal of property, plant and equipment		-	-	-	2
Personnel expenses (including key management personnel) :					
- Contributions to Employees' Provident Fund					
		2,300	2,178	494	415
- Wages, salaries and others					
		21,382	21,493	4,215	3,883
Rental of premises		601	429	77	90
Foreign exchange loss					
- realised					
		180	9	8	8
- unrealised					
		91	-	-	-
Write-down of inventories	9	372	306	-	-
and after crediting:					
Dividend income from subsidiaries (unquoted)					
		-	-	8,000	2,966
Foreign exchange gain					
- realised					
		405	495	-	-
- unrealised					
		-	11	-	-
Gain on disposal of property, plant and equipment		60	88	-	-
Inter-company management fees		-	-	3,263	3,294
Rental income		220	348	-	-
Reversal of allowance for doubtful debts		24	721	-	-
Reversal of write-down of inventories	9	4	105	-	-

Notes to the Financial Statements (Continued)

17. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors:				
- Remuneration	1,884	1,518	1,410	1,246
- Fees	144	90	144	90
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	194	218	194	218
	<u>2,222</u>	<u>1,826</u>	<u>1,748</u>	<u>1,554</u>

18. Tax expense

Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Malaysian - current year	3,877	1,752	700	-
- prior year	(258)	378	-	75
Overseas - current year	95	217	-	-
- prior year	(62)	-	-	-
	<u>3,652</u>	<u>2,347</u>	<u>700</u>	<u>75</u>
Deferred tax expense				
Origination and reversal of temporary differences	(495)	(1,413)	(206)	(637)
Total tax expense	<u>3,157</u>	<u>934</u>	<u>494</u>	<u>(562)</u>

Notes to the Financial Statements (Continued)

18. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit for the year	8,061	7,637	3,859	1,126
Total tax expense	3,157	934	494	(562)
Profit excluding tax	11,218	8,571	4,353	564
Tax at Malaysian tax rate of 25% (2008 – 26%)	2,804	2,228	1,088	147
Effect of lower tax rates*	-	(158)	-	-
Change in unrecognised temporary difference	464	(481)	-	-
Effect of tax rates in foreign jurisdictions	(669)	(393)	-	-
Non-deductible expenses	1,139	733	151	117
Tax exempt income	-	-	(750)	(771)
Tax incentives	(528)	(1,018)	-	-
Other items	267	(355)	5	(130)
	3,477	556	494	(637)
(Over)/Under provided in prior years	(320)	378	-	75
	3,157	934	494	(562)

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax savings arising from tax losses				
Tax savings arising from utilisation of current year tax losses	56	54	-	-

19. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM8,061,000 (2008 - RM7,660,000) and the weighted average number of ordinary shares outstanding during the year of 40,059,000 (2008 - 40,059,000).

Notes to the Financial Statements (Continued)

20. Dividend

Dividend recognised in the current year by the Company is:

	Sen per share	Total amount RM'000	Date of payment
2009			
Interim 2009 ordinary			
Tax exempt	5.0	2,003	18 August 2009
Second interim 2009 ordinary			
Tax exempt	5.0	2,003	9 February 2010
		<u>4,006</u>	
2008			
Interim 2008 ordinary			
Taxable (net of tax)	3.7	1,482	21 November 2008

21. Segment reporting

Segment information is presented in respect of the Group's geographical segments by location of customers. Inter-segment pricing is determined based on negotiated terms.

No business segment analysis is prepared as the Group is primarily engaged in the manufacturing, assembly and trading of electrical and home appliances and wiring accessories.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets, if any, other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Geographical segments

The Group's operations are located in Malaysia and overseas.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Malaysia		Outside Malaysia *		Eliminations		Total	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Geographical segments by location of customers								
Total external revenue	128,472	134,600	55,129	50,761	-	-	183,601	185,361
Inter-segment revenue	33,190	41,359	22,628	21,798	(55,818)	(63,157)	-	-
Total segment revenue	<u>161,662</u>	<u>175,959</u>	<u>77,757</u>	<u>72,559</u>	<u>(55,818)</u>	<u>(63,157)</u>	183,601	185,361
Segment result	<u>6,546</u>	<u>6,769</u>	<u>6,480</u>	<u>3,429</u>	-	-	13,026	10,198
Interest expense							(1,955)	(1,713)
Interest income							147	86
							<u>11,218</u>	<u>8,571</u>
Tax expense							(3,157)	(934)
Profit for the year							<u>8,061</u>	<u>7,637</u>

* Primarily to Asia and Middle East regions.

Notes to the Financial Statements (Continued)

21. Segment reporting (continued)

	Malaysia		Outside Malaysia *		Total	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Geographical segments by location of customers						
Segment assets	104,172	105,732	19,038	18,278	123,210	124,010
Unallocated assets					2,415	2,879
Total assets					<u>125,625</u>	<u>126,889</u>
Segment liabilities	43,920	52,865	6,090	4,513	50,010	57,378
Unallocated liabilities					4,032	1,882
Total liabilities					<u>54,042</u>	<u>59,260</u>
Capital expenditure	1,020	2,254	300	1,646	1,320	3,900
Depreciation and amortisation	1,881	1,789	108	68	1,989	1,857
Non-cash expenses other than depreciation and amortisation	1,398	1,131	26	-	1,424	1,131

* Primarily to Asia and Middle East regions.

22. Capital and other commitments

	Group and Company	
	2009 RM'000	2008 RM'000
Plant and equipment		
Authorised but not contracted for	27	-
Contracted but not provided for	5,934	-

23. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The Board and management reviews and agrees policies for managing each of these and they are summarised below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers requiring credit over a certain amount to mitigate the exposure to credit risk. Credit exposure of overseas customers is minimal as most of the overseas customers transact via letter of credits, which are guaranteed by banks before the shipment of goods.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The Group utilises short-term borrowings for working capital purposes and borrows term loans to finance capital expenditure. In view of the low interest rate scenario, exposure to fluctuation of interest rate risk is minimised.

Notes to the Financial Statements (Continued)

23. Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Note	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
2009									
Floating rate instruments									
Deposits with licensed banks	11	2.10	10,887	10,887	-	-	-	-	-
Fixed rate instruments									
Hire purchase liabilities	13	6.40	942	449	284	209	-	-	-
Floating rate instruments									
Secured term loans	13	4.79	9,517	9,517	-	-	-	-	-
Secured bank overdrafts	13	7.00	368	368	-	-	-	-	-
Unsecured bank overdrafts	13	7.63	5	5	-	-	-	-	-
Unsecured bankers' acceptances	13	3.78	12,433	12,433	-	-	-	-	-
Secured trust receipts	13	7.74	1,635	1,635	-	-	-	-	-
			24,900	24,407	284	209	-	-	-
2008									
Floating rate instruments									
Deposits with licensed banks	11	3.04	3,526	3,526	-	-	-	-	-
Fixed rate instruments									
Secured term loans	13	8.50	420	180	180	60	-	-	-
Hire purchase liabilities	13	6.14	942	302	294	180	121	45	-
Floating rate instruments									
Secured term loans	13	4.91	3,023	3,023	-	-	-	-	-
Secured bank overdrafts	13	7.75	520	520	-	-	-	-	-
Unsecured bank overdrafts	13	8.00	538	538	-	-	-	-	-
Secured bankers' acceptances	13	4.94	8,412	8,412	-	-	-	-	-
Unsecured bankers' acceptances	13	4.44	11,307	11,307	-	-	-	-	-
Unsecured trust receipts	13	5.25	1,555	1,555	-	-	-	-	-
			26,717	25,837	474	240	121	45	-

Notes to the Financial Statements (Continued)

23. Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Ringgit Malaysia. Approximately 30% (2008 - 27%) of the Group's sales are from export market and 34% (2008 - 30%) of the Group purchases are sourced from overseas. Most of the foreign currency transactions are denominated in US Dollars, except for 25% (2008 -24%) of the foreign currency transactions are denominated in other foreign currencies. The Group does not hedge this exposure to the US dollars. The transactions in other foreign currencies are insignificant. The Group ascertains that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

The Group and the Company are also exposed to foreign currency risk in respect of their investment in foreign subsidiaries. At the moment, the Group does not hedge this exposure by having foreign currency borrowings. However, the Board and management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair value of other financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:-

	Note	2009		2008	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Investment in trust fund	6	1,000	1,011	-	-
Quoted shares - long term	6	23	69	25	43
Secured term loans	13	9,517	9,517	3,443	3,407
Hire purchase liabilities	13	942	945	942	946
Company					
Investment in trust fund	6	1,000	1,011	-	-
Quoted shares - long term	6	6	6	6	6

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments reflected in the table.

Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs. Investment in trust fund is based on the current portfolio value at balance sheet date.

For other financial liabilities, fair value is determined using estimated future cash flows discounted using market related rate for a similar instrument at the balance sheet date.

	2009	2008
Secured term loans	3.55%-7.75%	3.78% - 7.50%
Hire purchase liabilities	3.25%-3.75%	3.60% - 4.31%

Notes to the Financial Statements (Continued)

24. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities not considered remote

Litigation - unsecured

- i) A third party has filed a claim on 21 April 2000 against two subsidiaries of the Company alleging that the subsidiaries of the Company have manufactured, imported and distributed the electrical plugs fitted with its trademark without its authority. On 24 November 2008, the High Court has dismissed the third party's claim. On 22 December 2008, the third party filed an appeal to the Court of Appeal against the decision of the High Court. The Court of Appeal has yet to fix a hearing date for the appeal.
- ii) A third party has filed a claim on 15 June 2007 against a subsidiary claiming for damages of RM2,000,000 and mandatory injunctions to compel the same subsidiary to deliver the tools which are in the same subsidiary's possession. The subsidiary has applied for security for costs against the third party which was challenged by the third party. The Court has ordered that the application for security for costs to be reheard, but the date has yet to be fixed.
- iii) On 19 January 2007, a subsidiary has obtained a Judgment from the Court against a third party for a payment of RM900,000 together with interest rate of 8% per annum arising from breach of the terms and conditions of the Deed of Settlement dated 11 May 2005. On 14 January 2007, the third party filed summon to set aside the judgement, however the Court has dismissed with costs the said application on 24 July 2009. On 29 July 2009, a Second Defendant has filed and served on the subsidiary a Notice of Appeal to the Judge in Chambers against the above decision. The case is now fixed hearing on 23 June 2010.

The Directors do not expect any material losses to arise from the above cases and therefore, no provision has been made in the financial statements.

Company	2009 RM'000	2008 RM'000
<i>Guarantee - unsecured</i>		
Guarantees and contingencies relating to borrowings of subsidiaries	75,822	57,338

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Notes to the Financial Statements (Continued)

25. Related parties (continued)

Identity of related parties (continued)

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

Group	Amount transacted for the year ended 31 December RM'000	Gross balance outstanding at 31 December RM'000	Allowance for doubtful receivables at 31 December RM'000	Net balance outstanding at 31 December RM'000	Bad or doubtful receivables recognised for the year ended 31 December RM'000
2009					
Sales of goods to a company in which a Director, Lee Ah Lan @ Lee Keok Hooi, has financial interest: - HSL E & E Corp (M) Sdn. Bhd. (formerly known as HSL Electrical & Electronics Sdn. Bhd.)	1,058	634	634	-	634
Purchase of goods from a company in which a Director, Lee Ah Lan @ Lee Keok Hooi, has financial interest: - E & E Sales & Service Sdn. Bhd.	613	58	-	58	-
2008					
Sales of goods to a company in which a Director, Lee Ah Lan @ Lee Keok Hooi, has financial interest: - HSL E & E Corp (M) Sdn. Bhd. (formerly known as HSL Electrical & Electronics Sdn. Bhd.)	1,833	1,058	-	1,058	-
Purchase of goods from a company in which a Director, Lee Ah Lan @ Lee Keok Hooi, has financial interest: - E & E Sales & Services Sdn. Bhd.	45	45	-	45	-
Company				2009 RM'000	2008 RM'000
Subsidiaries					
- Management fees				(3,263)	(3,294)
- Rental expense				77	90

Balances with subsidiaries at balance sheet date are disclosed in Note 8 and 14 to the financial statements.

These transactions have been entered into the normal course of business and have been established under negotiated terms.

Notes to the Financial Statements (Continued)

26. Acquisition of minority interest

During the year, the Group acquired 50% equity interest in Khind Home Appliances Sdn. Bhd., increasing its ownership from 50% to 100% for a cash consideration of RM15,500. The carrying amount of Khind Home Appliances Sdn. Bhd.'s net assets in the consolidated financial statements on the date of the acquisition was RM30,670. The Group recognised a decrease in minority interests of RM15,000 and additional goodwill of RM165 (refer Note 4).

27. Change in accounting policy

FRS 117, Leases

The Group has early adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment.

The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

Following the early adoption of the amendment to FRS 117, certain comparatives have been represented as follows:

Group	31.12.2008		1.1.2008	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheet				
Property, plant and equipment	25,418	20,462	23,488	18,957
Prepaid lease payments	-	4,956	-	4,531
Cash flow statements				
Acquisition of property, plant and equipment	(3,279)	(2,784)		
Acquisition of leasehold land	-	(495)		
Amortisation of prepaid lease payments	-	70		
Depreciation of property, plant and equipment	1,735	1,665		

Statement by Directors pursuat to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 34 to 69 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

CHENG KING FA
FOUNDER/CHAIRMAN

CHENG PING KEAT
GROUP CHIEF EXECUTIVE OFFICER (CEO)

Kuala Lumpur, Malaysia

Date: 18 March 2010

Statutory Declaration pursuat to Section 169 (16) of the Companies Act, 1965

I, **Cheng Ping Keat**, the Director primarily responsible for the financial management of Khind Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 69 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above named) **CHENG PING KEAT**
CHENG PING KEAT)
in Kuala Lumpur on 18 March 2010.)

Before me:

P. THURIRAJOO
No. W438
Commission for Oaths
Kuala Lumpur, Malaysia

Independent Auditors' Report

to the members of Khind Holdings Berhad

We have audited the financial statements of Khind Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 69.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758

Chartered Accountants

Petaling Jaya, Malaysia

Date: 18 March 2010

CHONG DEE SHIANG

Partner

Approval Number: 2782/09/10(J)

Statistics on Shareholdings as at 31 March 2010

SUBSTANTIAL SHAREHOLDERS - Per Register of Substantial Shareholders as at 31 March 2010

Names of Substantial Shareholders	Direct Interest	Percentage (%)	Deemed/ Indirect Interest	Percentage (%)
1 Kee Hin Ventures Sdn.Bhd. (KHVSB) (429373-U)	15,708,837	39.21	-	-
2 Cheng Ping Keat (note 1)	1,107,720	2.76	15,708,837	39.21
3 Great Partner Industries Limited (note 2)	-	-	15,708,837	39.21
4 Tan Chin Siea (note 3)	1,323,200	3.30	777,400	1.94

- Notes: (1) Mr. Cheng Ping Keat has an indirect interest in KHVSB by virtue of his directorship and substantial stake of 51% in KHVSB.
 (2) Great Partner Industries Limited (Co.No: 541965) has an indirect interest, by virtue of its substantial stake of 32.5% in KHVSB.
 (3) Mr Tan Chin Siea is deemed a substantial shareholder by virtue of his direct interest of 3.30% and his beneficial interest of 1.94% via his pledged account in Affin Nominees (Tempatan) Sdn. Bhd.

Analysis of Shareholdings as at 31 March 2010

Size Of Shareholdings

Authorised Share Capital	: RM 50,000,000.00
Fully paid and issued shares	: RM 40,059,000.00
Class of Shares	: Ordinary shares of RM 1.00 each
Voting Rights	: 1 vote per Ordinary Share
No. of Shareholders	: 1,273

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of issued capital
Less 100	154	12.10	6,222	0.01
100 - 1,000	131	10.29	86,911	0.22
1,001 - 10,000	833	65.43	2,860,510	7.14
10,001 - 100,000	134	10.53	3,464,253	8.65
100,001 to < 5% of issued shares	20	1.57	17,932,267	44.76
5% and above of issued shares	1	0.08	15,708,837	39.22
TOTAL	1273	100.00	40,059,000	100.00

Statistics on Shareholdings as at 31 March 2010 (Continued)

THIRTY LARGEST SHAREHOLDERS - per Register of Depositors as at 31 March 2010

Names of Shareholders		No. of Shares held	% of issued capital
1	Kee Hin Ventures Sdn.Bhd.(KHVSB) (429373-U)	15,371,967	38.37
2	Cheng King Fa	1,824,601	4.55
3	Airex Industries Sdn. Bhd. (455346-A)	1,570,667	3.92
4	Imartech Industries Sdn. Bhd. (270026-X)	1,568,000	3.91
5	Koh Guat Kuan	1,558,599	3.89
6	BI Nominees (Tempatan) Sdn. Bhd. (Pledged A/c for Md. Azmi bin Lop Yusof) (176122-V)	1,469,935	3.67
7	Dato' Cheng Hup	1,357,069	3.39
8	Tan Chin Siea	1,323,200	3.30
9	Federlite Holdings Sdn. Bhd. (296526-H)	1,274,500	3.18
10	Cheng Ping Keat	1,107,720	2.76
11	Affin Nominees (Tempatan) Sdn. Bhd. (Pledged A/c for Tan Chin Siea) (457450-U)	777,400	1.94
12	HLB Nominees (Tempatan) Sdn. Bhd. (Pledged A/c for Bakat Impian Sdn. Bhd.) (47697-U)	750,000	1.87
13	Cheng Yoke Leng	657,333	1.64
14	Cheng Yoke Kan	607,000	1.52
15	Ong Wan Bing@Kie Tjhan	475,409	1.19
16	ABB Nominee (Tempatan) Sdn. Bhd.(37645-P) [Pledged Account for Yayasan Terengganu (1115001178)]	400,000	1.00
17	Kee Hin Ventures Sdn.Bhd.(KHVSB) (429373-U)	336,870	0.84
18	Koh Eng Thye	317,367	0.80
19	Yayasan Kelantan Darulnaim (KELENTBIL980)	245,000	0.61
20	Cheing Boon Ngoun @ Chean Puan In	242,667	0.61
21	Perbadanan Kemajuan Negeri Kedah (ECT 51965)	205,800	0.51
22	HLB Nominees (Tempatan) Sdn. Bhd.(Pledged A/c for Khor Chai Koan)	200,000	0.50
23	Pong Hee Kit	100,000	0.25
24	Choah Yoke Moi	94,841	0.24
25	Khind Industries Sdn. Bhd.(173304-D)	89,100	0.22
26	HSBC Nominees (Tempatan) Sdn. Bhd. (258854-D)	88,200	0.22
27	Cheng Kin Yet	78,833	0.20
28	Lee Kim You @ Lee Kim Leng	75,000	0.19
29	Heng Sin Tok	72,333	0.18
30	Mayban Nominees (Tempatan) Sdn. Bhd. (258939-H)	70,000	0.17
		34,309,411	85.64

Directors' Shareholdings as at 31 March 2010

Pursuant to Section 134(12)(c) of the Companies Act, 1965, the Directors' shareholdings/interests and their deemed interests via their spouses and children are as follows:-

Names of Directors	Direct Shareholdings	Percentage %	Indirect Shareholdings	Percentage %	Deemed interest	Percentage %
1. Mr. Cheng King Fa (note 1)	1,824,601	4.55	-	-	1,304,124	3.26
2. Mr. Cheng Ping Keat (note 2)	1,107,720	2.76	15,708,837	39.21	1,558,599	3.89
3. Mdm. Tan Lay Kuan @ Tan Lay Wah (note 3)	13,333	0.03	-	-	242,667	0.61
4. Mr. Md. Azmi bin Lop Yusof (note 4)	1,469,974	3.67	-	-	-	-
5. Mr. Lee Ah Lan @ Lee Keok Hooi	-	-	-	-	-	-
6. Mr. Kamil bin Datuk Hj. Abdul Rahman	-	-	-	-	-	-

Note:

- Mr. Cheng King Fa has deemed interests in 1,304,124 shares held via his spouse and daughters i.e. Lew Kuan Hwa (spouse) - 39,791 shares(0.1%), Cheng Yoke Leng (daughter) - 657,333 shares(1.64%) and Cheng Yoke Kan (daughter) - 607,000 shares (1.52%).
- Mr. Cheng Ping Keat has an indirect interest in the 15,708,837 shares held by Kee Hin Ventures Sdn. Bhd.(429373-U) (KHVSB), by virtue of his substantial stake in KHVSB. He has a deemed interest in 1,558,599 shares (3.89%) held by Koh Guat Kuan (spouse)
- Mdm. Tan Lay Kuan @ Tan Lay Wah has a deemed interest in the 242,667 shares (0.61%) held by her spouse viz. Mr. Cheing Boon Ngoun @ Chean Puan In.
- Mr. Md. Azmi bin Lop Yusof is the beneficial owner for 1,469,935 and 39 shares, which are pledged to and registered in the names of BI Nominees (Tempatan) Sdn.Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively.

List of Properties Held by the Group As at 31 December 2009

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition/Completion	Approx. age (months/years)	Net Book Value @ 31.12.2009 (RM'000)
PT124 No. 2, Jalan Perusahaan 2 Off Jalan Bernam 45400 Sekinchan Selangor Darul Ehsan	192,853	Leasehold 99 years expiring on 2102	Factory, warehouse and office for Khind- Mistral Industries Sdn Bhd Khind Components Sdn Bhd and Khind Technology Centre Sdn Bhd	(Land) 24.01.1989 (Building) 15.01.1991 - 01.07.1998	21 years 11 - 19 years	9,976
Lot 8243-8245, No. 15-17 Lee Chong Lin Industrial Estate Jalan Pending 93450 Kuching, Sarawak	7,084	Leasehold 60 years expiring on 2045	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn Bhd	(Lot 8243) 31.03.1993 (Lot 8245) 19.08.1995	16 years 14 years	601
Lot 160, Sublot 2180-2181 Block 3, Piasau Industrial Estate 98000 Miri, Sarawak	8,241	Expiring on 2053	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn Bhd	10.09.2004	5 years	791
Lot Pt 2531 held under HS (D) 1854 Pekan Bagan Nakhoda Omar District of Sabak Bernam Selangor	871,200	Leasehold 60 years expiring on 2064	Industrial land presently planted with oil palm	18.11.2008	2 year	486
Lot 3, 4, 5, 6 Mogoputi Industrial Park Kota Kinabalu, Sabah	11,040	Leasehold 99 years expiring on 2097	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn Bhd	10.08.2000	9 - 10 years	1,673
Plot 120, Bandar Perda held under HS(D) 121 No. PT123, Mukim 7 Daerah Seberang Prai Tengah, Penang	3,670	Freehold	Branch office and service centre for Khind-Mistral (M) Sdn Bhd	05.05.1999	10 - 11 years	468
PT No. 17671 held under HS(D) 142726 No. 2, Jalan Astaka U8/82 Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	25,112	Freehold	Office and service centre for Khind-Mistral (M) Sdn Bhd and export office for Khind-Mistral Industries Sdn Bhd	12.03.1999	10 - 11 years	2,146
Lot 64240 No.4 Jalan Astaka U8/82 Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	18,621	Freehold	Office for Khind Holdings Berhad and rented out	20.08.2000	9 - 10 years	3,034
Lot MK23-U22556A No. 3, Kaki Bukit Road 1, #03-05 Eunos Technolink Singapore 415935	2,788	Leasehold 60 years expiring on 2056	Office for Mistral (Singapore) Pte Ltd.	23.10.08	2 years	1,590

Investors' Information

MONTHLY SHARE PRICE AND TRADE VOLUME



PER SHARE INFORMATION

	As at 31 December				
	2009	2008	2007	2006	2005
Earning per share (sen)	20.12	19.12	10.58	7.13	4.44
Gross Dividend per share (sen)	10.00	5.00	-	3.00	2.00
Net Dividend per share (sen)	10.00	3.70	-	2.16	3.60
Dividend Pay Out Ratio (%)	49.70	19.35	-	30.29	81.08
Dividend Yield (%)	14.29	7.14	-	4.29	8.47
Net Assets per share (RM)	1.79	1.69	1.53	1.44	1.26

SHARE CAPITAL INFORMATION

Price at 31-03-2010	: RM1.05
Market Capitalization at 31-03-2010	: RM42.06 million
Share prices	: Highest RM4.350 on 10-02-2000
	: Lowest RM0.280 on 3-12-2007
Daily Trade Volume	: Highest 1,087,900
	: Lowest 0

Khind Group Offices and Addresses

Khind Holdings Berhad (380310-D)

No. 2, Jalan Astaka U8/82, Seksyen U8,
Bukit Jelutong, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: 603-7847 1900 Fax: 603-7845 4560
khb@khindmistral.com

MARKETING HEADQUARTERS

Khind-Mistral (M) Sdn Bhd (442421-A)

No. 2, Jalan Astaka U8/82, Seksyen U8,
Bukit Jelutong, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: 603-7847 1900 Fax: 603-7847 6300
enquiry@khindmistral.com

Khind-Mistral Industries Sdn Bhd (213282-V)

No. 2, Jalan Astaka U8/82, Seksyen U8,
Bukit Jelutong, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: 603-7847 1900 Fax: 603-7847 0300
export@khindmistral.com

OVERSEAS OFFICES

Mistral (Singapore) Pte Ltd (200106472-H)

No. 3, Kaki Bukit Road 1,
#03-05 Eunos Technolink Singapore 415935
Tel: 65-6346 5233 Fax: 65-6346 5560
enquiry@mistral.com.sg

Khind Middle East FZE

P.O.Box 261569, Jebel Ali, Dubai,
United Arab Emirates
Tel: +971 48819033 Fax: +971 48819034
khind@emirates.net.ae

Khind-Mistral Industries Sdn Bhd (213282-V)

(Representative office in P.R.C.)
Room 303, No. 13 Building Mingya Garden,
Hou Long 2 Street,
Foshan Guangdong Province
Tel: +86 757-8333 4980 Fax: +86 757-8399 1493
fskhind@163.com

PENINSULAR MALAYSIA OFFICES

Khind-Mistral (M) Sdn Bhd (442421-A)

Penang
No. 2, Jalan Perda Timur, Bandar Perda, 14000
Bukit Mertajam
Tel: 604-537 2803 Fax: 604-537 0807
604-537 2804 604-548 5991
604-537 1703
bmo@khindmistral.com

Perak

No. 44, Persiaran Bercham Selatan 2,
Taman Desa Kencana
31400 Bercham, Ipoh
Tel: 605-545 6778 Fax: 605-549 6779
605-548 2991 605-548 5991
ipo@khindmistral.com

Johor

No. 81, Jalan Ros Merah 2/3, Taman Johor Jaya,
81100 Johor Bahru
Tel: 607-355 8991 Fax: 607-353 8992
jbo@khindmistral.com

Melaka

No. 21, Jalan Melaka Raya 11, Taman Melaka Raya,
75000 Melaka
Tel: 606-281 5717 Fax: 606-281 5849
606-281 5723
mko@khindmistral.com

Pahang

No. A63, Lorong Setali 2, Air Putih, 25300 Kuantan
Tel: 609-568 9711 Fax: 609-568 9712
kto@khindmistral.com

Kelantan

Lot 2637, Jalan Sultan Yahya Petra,
Kampung Lundang, 15150 Kota Bahru, Kelantan
Tel: 609-744 8900 Fax: 609-744 5900
kbo@khindmistral.com

EAST MALAYSIA OFFICES

Khind-Mistral (Borneo) Sdn Bhd

Kota Kinabalu
Lot 3-6, Mogoputi Industrial Park
Jalan Penampang KM 8, 89500 Penampang
Kota Kinabalu, Sabah
Tel: 6088-718 117 Fax: 6088-716 637

Tawau

TB 4315, Block 31, Lot 2, 3rd Floor of Four Storey Shop
Fajar Complex, Jalan Merdeka 2
91000 Tawau, Sabah
Tel: 6089-763 100 Fax: 6089-763 100
borneo@khindmistral.com

Kuching

No. 15, Lot 8243, Section 64, Lee Chong Lin Industrial Estate,
Jalan Pending, 93450 Kuching Sarawak
Tel: 6082-338 511 Fax: 6082-339 039
borneo@khindmistral.com

Miri

Lot 160, Sub Lot 2180-2181, Block 3,
Piasau Industrial Estate, 98000 Miri, Sarawak
Tel: 6085-662 533 Fax: 6085-654 933
borneo@khindmistral.com

FACTORIES

Khind-Mistral Industries Sdn Bhd (213282-V)

Khind Components Sdn Bhd (196021-P)

Khind Technology Centre Sdn Bhd (429363-P)

No. 2, Jalan Perusahaan 2, 45400 Sekinchan,
Selangor Darul Ehsan, Malaysia
Tel: 603-3241 1991 Fax: 603-3241 1500
kmi@khindmistral.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of KHIND HOLDINGS BERHAD will be convened at Conference Room, Second Floor, No.2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 May 2010 at 10.00 a.m. to transact the following matters:-

1. To receive the Audited Financial Statements for the financial year ended 31 December, 2009 and the Reports of the Directors and Auditors thereon;
2. To re-elect the following Directors, who retire by rotation, pursuant to Article 100 of the Company's Articles of Association :-
 - (a) Mr. Cheng Ping Keat (Resolution 1)
 - (b) Mdm. Tan Lay Kuan @ Tan Lay Wah (Resolution 2)
3. To re-appoint Mr. Cheng King Fa, who retires pursuant to Section 129 (6) of the Companies Act 1965, as a Director of the Company and to hold office until the next Annual General Meeting. (Resolution 3)
4. To approve the Directors' Fees of RM172,000 for financial year ending 31 December, 2010. (Resolution 4)
5. To re-appoint Messrs. KPMG as Auditors of the Company for the financial year ending 31 December 2010 and to authorize the Directors to fix the auditors' remuneration. (Resolution 5)

As Special Business:-

To consider and if thought fit, pass the following **Ordinary Resolutions**, with or without modifications :-

6. **Proposed Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with the following Related Party :-**

Renewal :-

- a) HSL E & E Corp (M) Sdn. Bhd. ; (Resolution 6a)
(f.k.a HSL Electrical & Electronics Sdn. Bhd.)
- b) E & E Sales & Service Sdn. Bhd. ; (Resolution 6b)
- c) HSL E & E Corp (M) Sdn. Bhd. (Resolution 6c)
(f.k.a HSL Electrical & Electronics Sdn. Bhd.)
(individually referred to as "the Related Party")

"THAT approval be and is hereby given to the Company and its subsidiaries ("KHIND Group") to renew and approve all the Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature to be entered into and to give effect to the specified Recurrent Related Party Transactions with the Related Party as stated in Section 2.4 of the Circular to Shareholders dated 29 April 2010, which are necessary for the day to day operations of the Khind Group provided that:-

- (i) the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to "the Related Party" than those generally available to the public and are not detrimental to the minority shareholders;
- (ii) disclosure is made in the annual report, a breakdown of the aggregate value of transactions made with the Related Party during the financial year with particulars of the type of transactions made and the name of the related party involved in each type of transactions made and their relationship with the Company and that such approval shall continue to be in force until:-
 - a) the conclusion of the next annual general meeting of the Company;
 - b) the expiration of the period within which the next general meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - c) revoked or varied by resolution passed by the shareholders in a general meeting; whichever occurs first;
- (iii) the directors and/or any one of them be and are hereby authorized to complete and do all such acts and things to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution."

Notice of Annual General Meeting (Continued)

7. New Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant governmental and/or regulatory authorities."
(Resolution 7)

Others

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

Kam Kooi Hua (MACS 00152)
Khoo Guan Kiat (MIA 20886)
Joint Company Secretaries

Shah Alam, Selangor.
29 April 2010.

Notes:

1. A Member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Member of the Company.
2. Where a Member appoints more than one (1) proxy, the Member shall specify the proportion of the Member's shareholdings to be represented by each proxy.
3. Where a Member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if such appointer is a corporation, under its common seal, or the hand of its attorney.
5. The instrument appointing a proxy must be deposited with the Share Registrars, Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 14th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., pursuant to Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 May 2010. Only a depositor, whose name appears on the General Meeting Record of Depositors as at 24 May 2010 shall be entitled to attend the said meeting or appoint proxies to attend and /or vote on his / her behalf.

Explanatory Notes:-

- (a) Resolution 3, if approved, will authorize the continuity in office of Mr. Cheng King Fa (who is over the age of 70 years) until the next AGM, pursuant to S.129(6) of the Companies Act, 1965.
- (b) Ordinary Resolutions Nos. 6a, 6b and 6c on the Proposed Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolutions 6a, 6b and 6c, if passed, will enable the Company and/or its subsidiaries to renew and enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 29 April 2010, which was circulated together with the 2009 Annual Report, for further information. (HSL E & E Corp (M) Sdn. Bhd. is the new name of HSL Electrical & Electronics Sdn.Bhd.)

Notice of Annual General Meeting (Continued)

(c) Ordinary Resolution No. 7 on the New Authority for Directors to issue shares

The proposed Ordinary Resolution No. 7, if passed, will empower the Directors from the date of the 14th Annual General Meeting to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority will expire at the next Annual General Meeting of the Company.

This new general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/ or acquisitions.

Statement Accompanying the Notice of Annual General Meeting

STATEMENT ACCOMPANYING THE NOTICE OF THE FOURTEENTH (14TH) ANNUAL GENERAL MEETING OF KHIND HOLDINGS BERHAD. - PURSUANT TO PARAGRAPH 8.27 (2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.

1. Re-election of Directors

The Directors, who will be retiring pursuant to the provisions of Article 100 of the Company's Articles of Association are:-

Article 100

- a) Mr. Cheng Ping Keat
- b) Mdm. Tan Lay Kuan @ Tan Lay Wah

The Director, who is seeking re-appointment, pursuant to Section 129(6) of the Companies Act, 1965, is:-

Section 129(6) of Companies Act, 1965

- c) Mr. Cheng King Fa

Further details of the abovenamed directors, who are all standing for re-election, are set out in the Profile of Directors on pages 12 to 15 of the Annual Report.

2. Details of Attendance of Directors at Board Meetings in 2009

The above information is provided in the Statement on Corporate Governance on page 16 of the Annual Report.

3. Particulars of the Fourteenth (14th) Annual General Meeting of the Company

Venue : Conference Room, 2nd Floor, No. 2, Jalan Astaka U8/82, Seksyen U8,
Bukit Jelutong, 40150 Shah Alam, Selangor.
Date : 27 May 2010 (Thursday)
Time : 10.00 a.m.

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

PROXY FORM

CDS A/c No:
No. of Shares:

*I/We (full name in capital letters) _____ *NRIC/Company No. _____

of (full address) _____

being a *member/members of Khind Holdings Berhad, hereby appoint (full name in capital letters)

_____ NRIC No. _____

of (full address) _____

or failing *him/her, the *CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held at Conference Room, 2nd Floor, No.2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 27 May 2010 at 10.00 a.m. and at any adjournment thereof. , on the following resolutions as indicated below:-

No.	RESOLUTION	FOR	AGAINST
	<u>Ordinary Business</u>		
1.	To re-elect Mr. Cheng Ping Keat as a Director		
2.	To re-elect Mdm. Tan Lay Kuan @ Tan Lay Wah as a Director.		
3.	To re-appoint Mr. Cheng King Fa as Director to hold office until the next AGM		
4.	To approve Directors' Fees of RM172,000 for financial year ending 31.12.2010		
5.	To re-appoint Messrs. KPMG as Auditors of the Company for the financial year ending 31.12.2010 and to authorize the Directors to fix their remuneration		
	<u>Special Business</u>		
	<u>Ordinary Resolutions</u>		
6.	To renew the Shareholders' Mandate for Recurrent Related Party Transactions as follows :-		
	<u>Renewal</u>		
a.	HSL E & E Corp (M) Sdn. Bhd (f.k.a. HSL Electrical & Electronics Sdn. Bhd.)		
b.	E & E Sales & Service Sdn. Bhd.		
c.	HSL E & E Corp (M) Sdn. Bhd (f.k.a. HSL Electrical & Electronics Sdn. Bhd.)		
7.	To authorize the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

*Strike out whichever is not applicable

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this _____ day of _____ 2010

[Signature/Common Seal of Member(s)]

NOTES:

- i. A Member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Member of the Company.
- ii. Where a Member appoints more than one (1) proxy, the Member shall specify the proportion of the Member's shareholdings to be represented by each proxy.
- iii. Where a Member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account
- iv. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if such appointer is a corporation, under its common seal, or the hand of its attorney.
- v. The instrument appointing a proxy must be deposited with the Share Registrars, Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
- vi. For the purpose of determining a member who shall be entitled to attend this 14th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., pursuant to Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 May 2010. Only a depositor, whose name appears on the General Meeting Record of Depositors as at 24 May 2010 shall be entitled to attend the said meeting or appoint proxies to attend and / or vote on his / her behalf.



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Postage
Stamp

The Share Registrars
Tricor Investor Services Sdn. Bhd.
Level 17,
The Gardens North Tower
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur

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