

Directors' report for the year ended 31 December 2012

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 2012.

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 7 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 owners of the Company	10,607	4,711

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 6.00 sen per ordinary share totalling RM2,403,540 in respect of the year ended 31 December 2012 on 31 October 2012.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2012.

Directors of the Company

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

Cheng King Fa
Cheng Ping Keat
Lee Ah Lan @ Lee Keok Hooi
Kamil Bin Datuk Haji Abdul Rahman
Wong Chin Mun
Md Azmi Bin Lop Yusof (Resigned on 28 December 2012)



Directors' report for the year ended 31 December 2012 (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 31.12.2012
	At 1.1.2012	Bought	Sold	
Cheng King Fa:				
Interest in the Company:				
– own	1,824,601	65,000	-	1,889,601
– others*	1,309,124	60,000	(65,000)	1,304,124
Cheng Ping Keat:				
Interest in the Company:				
– own	2,725,720	-	-	2,725,720
– others**	2,165,199	-	-	2,165,199
Deemed interest in the Company:				
– own	15,708,837	-	-	15,708,837
Lee Ah Lan@ Lee Keok Hooi				
Interest in the Company:				
– own	-	460,000	-	460,000

* 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.

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 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 30 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.

Directors' report for the year ended 31 December 2012 (Continued)

Issue of shares and debentures

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 financial year.

Other statutory information

Before the statements of financial position and statements of comprehensive income 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 allowance 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 financial statements of the Group and of the Company 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.

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 financial performance of the Group and of the Company for the financial year ended 31 December 2012 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.



Directors' report for the year ended 31 December 2012 (Continued)

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: 12 April 2013

Statements of Financial Position as at 31 December 2012

	Note	Group			Company		
		31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Assets							
Property, plant and equipment	3	36,589	37,908	28,890	8,644	8,526	229
Prepaid lease payments	4	2,496	2,694	2,892	-	-	-
Investment properties	5	3,090	5,934	4,945	3,090	5,934	4,945
Intangible assets	6	3,927	2,051	2,031	41	43	38
Investments in subsidiaries	7	-	-	-	31,948	25,169	31,758
Deferred tax assets	9	4,100	4,144	2,931	-	-	-
Trade and other receivables	10	-	-	-	-	-	15,337
Total non-current assets		50,202	52,731	41,689	43,723	39,672	52,307
Other investments	8	1,164	1,050	157	949	870	2
Trade and other receivables	10	62,580	49,287	44,301	14,888	17,850	2,228
Inventories	11	57,119	49,451	37,387	-	-	-
Current tax assets		105	475	-	613	582	584
Cash and cash equivalents	12	34,513	26,633	23,841	1,780	3,581	5,586
Assets classified as held for sale	13	5,292	-	3,575	3,503	-	3,575
Total current assets		160,773	126,896	109,261	21,733	22,883	11,975
Total assets		210,975	179,627	150,950	65,456	62,555	64,282
Equity							
Share capital		40,059	40,059	40,059	40,059	40,059	40,059
Translation reserve		333	(256)	(699)	-	-	-
Retained earnings		50,402	42,199	37,136	8,138	5,831	7,696
Total equity attributable to owners of the Company	14	90,794	82,002	76,496	48,197	45,890	47,755
Liabilities							
Loans and borrowings	15	21,639	22,044	14,725	11,725	11,267	4,007
Deferred tax liabilities	9	3,314	3,352	3,096	-	-	-
Total non-current liabilities		24,953	25,396	17,821	11,725	11,267	4,007
Current tax liabilities		803	1,946	1,372	-	-	-
Trade and other payables	16	49,359	42,052	27,065	5,398	5,398	9,616
Dividend payable		-	-	2,904	-	-	2,904
Loans and borrowings	15	45,066	28,231	25,292	136	-	-
Total current liabilities		95,228	72,229	56,633	5,534	5,398	12,520
Total liabilities		120,181	97,625	74,454	17,259	16,665	16,527
Total equity and liabilities		210,975	179,627	150,950	65,456	62,555	64,282

The notes on pages 47 to 92 are an integral part of these financial statements



Statements of Comprehensive Income for the year 31 December 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations					
Revenue	17	288,591	241,850	14,842	13,337
Cost of goods sold		(197,694)	(167,501)	-	-
Gross profit		90,897	74,349	14,842	13,337
Other income		1,856	2,773	183	6,757
Distribution expenses		(45,405)	(35,329)	-	-
Administrative expenses		(30,665)	(27,807)	(9,127)	(18,732)
Other operating expenses		(816)	(1,073)	-	-
Results from operating activities	18	15,867	12,913	5,898	1,362
Interest income	20	266	261	281	564
Finance costs	21	(2,734)	(2,426)	(758)	(412)
Profit before tax		13,399	10,748	5,421	1,514
Tax expense	22	(2,792)	(2,881)	(710)	(575)
Profit for the year		10,607	7,867	4,711	939
Attributable to:					
Owners of the Company		10,607	7,867	4,711	939
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		591	443	-	-
Total other comprehensive income for the year		591	443	-	-
Total comprehensive income for the year		11,198	8,310	4,711	939
Total comprehensive income attributable to:					
Owners of the Company		11,198	8,310	4,711	939
Basic earnings per ordinary share (sen):					
from continuing operations	23	26.48	19.64		

The notes on pages 47 to 92 are an integral part of these financial statements

Consolidated Statement of Changes in Equity for the year ended 31 December 2012

----- Attributable to owners of the Company -----
---- Non-distributable ---- Distributable

Group	Note	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2011		40,059	(699)	37,136	76,496
Foreign currency translation differences for foreign operations		-	443	-	443
Total other comprehensive income for the year		-	443	-	443
Profit for the year		-	-	7,867	7,867
Total comprehensive income for the year		-	443	7,867	8,310
Dividends to owners of the Company	24	-	-	(2,804)	(2,804)
Total distribution to owners		-	-	(2,804)	(2,804)
At 31 December 2011 / 1 January 2012		40,059	(256)	42,199	82,002
Foreign currency translation differences for foreign operations		-	591	-	591
Total other comprehensive income for the year		-	591	-	591
Profit for the year		-	-	10,607	10,607
Total comprehensive income for the year		-	591	10,607	11,198
Dividends to owners of the Company	24	-	-	(2,404)	(2,404)
Total distribution to owners		-	-	(2,404)	(2,404)
At 31 December 2012		40,059	335	50,402	90,796

Statement of Changes in Equity for the year ended 31 December 2012

Company	Note	Share capital RM'000	Non-distributable Retained earnings RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2011		40,059	7,696	-	47,755
Total comprehensive income for the financial year		-	939	-	939
Dividends to owners of the Company	24	-	(2,804)	-	(2,804)
At 31 December 2011 / 1 January 2012		40,059	5,831	-	45,890
Total other comprehensive income for the financial year		-	4,711	-	4,711
Dividends to owners of the Company	24	-	(2,404)	-	(2,404)
At 31 December 2012		40,059	8,138	-	48,197

Note 14

The notes on pages 47 to 92 are an integral part of these financial statements.



Statements of Cash Flows for the year ended 31 December 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities					
Profit before tax		13,399	10,748	5,421	1,514
Adjustments for:					
Amortisation of intangible assets	6	12	4	6	7
Unrealised foreign exchange loss		234	-	-	-
Amortisation of prepaid lease payment	4	198	198	-	-
Depreciation of property, plant and equipment	3	2,425	2,468	195	133
Dividend received from subsidiaries		-	-	(9,602)	(8,290)
Finance costs	21	2,734	2,426	758	412
Net gain on disposal of property, plant and equipment		(27)	(79)	-	-
Impairment loss on investment in subsidiaries		-	-	652	6,346
Interest income	20	(266)	(261)	(281)	(564)
Loss on disposal of financial assets		1	2	-	2
Change in fair value of financial assets		(116)	85	(79)	110
Negative goodwill recognised	31	-	(494)	-	-
Operating profit/ (loss) before changes in working capital		18,594	15,097	(2,930)	(330)
Changes in working capital:					
Inventories		5,152	(5,080)	-	-
Trade and other receivables		(7,526)	(1,474)	499	(285)
Payables and accruals		(177)	9,383	434	28
Cash generated from/ (used in) operations		16,043	17,926	(1,997)	(587)
Tax refunded		1,054	12	-	4
Tax paid		(4,613)	(3,637)	(740)	(578)
Net cash generated from/ (used in) operating activities		12,484	14,301	(2,737)	(1,161)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(1,486)	(9,647)	(313)	(8,430)
Acquisition of investment property		(659)	(989)	(659)	(989)
Acquisition of other investments		-	(980)	-	(980)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	31	(4,399)	(4,993)	(6,779)	(8,000)
Net decrease in investment in subsidiary		-	-	-	7,020
Interest received		266	261	281	564
Capital redemption received from subsidiary		-	-	-	1,223
Dividend received from subsidiaries		-	-	9,601	8,290
Proceeds from disposal of:					
- asset held for sale		-	3,575	-	3,575
- property, plant and equipment		51	89	-	-
Repayment from subsidiaries		-	-	1,376	-
Repayment to subsidiaries		-	-	-	(4,245)
Acquisition of intangible assets		(14)	(24)	(4)	(12)
Net cash (used in)/generated from investing activities		(6,241)	(12,708)	3,503	(1,984)

Statements of Cash Flows for the year ended 31 December 2012 (continued)

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from financing activities					
Dividend paid to shareholders of the Company	24	(2,404)	(5,708)	(2,404)	(5,708)
Interest paid		(2,734)	(2,426)	(758)	(412)
Drawdown of bank borrowings		6,302	10,290	595	7,260
Repayment of hire purchase liabilities		(994)	(1,053)	-	-
Net cash generated from/(used in) financing activities		170	1,103	(2,567)	1,140
Net increase /(decrease) in cash and cash equivalents		6,413	2,696	(1,801)	(2,005)
Effect of exchange rate fluctuations on cash held		432	316	-	-
Cash and cash equivalents at 1 January	(i)	26,178	23,166	3,581	5,586
Cash and cash equivalents at 31 December	(i)	33,023	26,178	1,780	3,581

Notes to statements of cash flows

i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	12	26,845	17,101	1,780	735
Deposits with licensed banks	12	7,668	9,532	-	2,846
		34,513	26,633	1,780	3,581
Bank overdraft - secured	15	(415)	(413)	-	-
Bank overdraft - unsecured	15	(1,075)	(42)	-	-
		33,023	26,178	1,780	3,581

ii) Acquisition of property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,476,000 (31 December 2011: RM10,887,000; 1 January 2011: RM6,328,000) and RM313,000 (31 December 2011: RM8,430,000; 1 January 2011: Nil) respectively, of which RM990,000 (31 December 2011: RM1,240,000; 1 January 2011: RM1,690,000) were acquired by means of hire purchase plans.

The notes on pages 47 to 92 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 addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

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

Registered office

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the year ended 31 December 2012 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 7.

The financial statements were approved by the Board of Directors on 12 April 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company’s first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards (“FRSs”) in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- *Amendments to MFRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- *MFRS 10, Consolidated Financial Statements*
- *MFRS 11, Joint Arrangements*
- *MFRS 12, Disclosure of Interests in Other Entities*
- *MFRS 13, Fair Value Measurement*
- *MFRS 119, Employee Benefits (2011)*
- *MFRS 127, Separate Financial Statements (2011)*
- *MFRS 128, Investments in Associates and Joint Ventures (2011)*
- *IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine*
- *Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- *Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*
- *Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- *Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- *Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- *Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- *Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- *Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance*
- *Amendments to MFRS 11, Joint Arrangements: Transition Guidance*
- *Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance*

Notes to the Financial Statements (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012, except for MFRS 11, 128, IC Interpretation 20, Amendments to 11 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the other standards, amendments and interpretations are not expected to have any material financial impact to the current and prior periods financial statements of the Company upon their first adoption.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(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 the financial statements in conformity with MFRSs 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 estimates are revised and in any future periods affected.

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

- *Note 6 - measurement of the recoverable amount of cash generating unit*
- *Note 9 - recognition of unutilised tax losses and capital allowances*

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company 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.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) *Subsidiaries (continued)*

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) *Transactions eliminated on consolidation*

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

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

(iv) *Acquisitions of non-controlling interests*

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. 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.

(v) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(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 reporting period are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(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 end of the reporting period except for goodwill and fair value adjustments arising from business combination before 1 January 2011, 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 other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement*

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

Financial liabilities (continued)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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 available and replacement cost when appropriate.



Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 expenses" respectively in the profit or loss.

(ii) 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 carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the profit or loss 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	15-99 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 reviewed, and adjusted as appropriate at the end of the reporting period.

(e) 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.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(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 and measured using cost model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) *Goodwill*

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) *Other intangible assets*

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(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*

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of patent and trademarks is ten (10) years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.



Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(g) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. This includes freehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(h) 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.

(i) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

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 profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

(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 with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

(i) *Financial assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(k) Impairment of assets (continued)

(i) Financial assets (continued)

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available held for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period 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 or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised.

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 profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(l) 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.

A liability 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 is charged to the profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(m) 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. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue and other income

(i) *Goods sold*

Revenue from the sale of goods in the course of ordinary activities 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 persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) *Rental income*

Rental income from investment property is recognised in the profit or loss 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 in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) *Management fees*

Management fees are recognised in the profit or loss on an accrual basis.

(v) *Interest income*

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic per share data for its ordinary shares (EPS).

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.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Contingencies

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.



Notes to the Financial Statements (continued)

3. Property, plant and equipment

<i>Group</i>	<i>Note</i>	<i>Long term 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 2011		5,425	22,986	5,052	13,514	7,054	3,795	1,547	59,373
Additions		-	8,021	742	379	810	379	556	10,887
Acquisition of subsidiaries		-	-	63	32	2,366	563	161	3,185
Disposals		-	-	-	(18)	(24)	(260)	(82)	(384)
Effect of movements in exchange rates		-	107	-	1	55	22	5	190
At 31 December 2011/ 1 January 2012		5,425	31,114	5,857	13,908	10,261	4,499	2,187	73,251
Additions		-	-	294	1,070	811	244	57	2,476
Acquisition of subsidiaries		-	-	-	-	1,308	778	2,356	4,442
Transfer to asset held for sales		-	(1,921)	-	-	-	-	-	(1,921)
Written off		-	-	-	-	(1,040)	-	-	(1,040)
Disposals		-	-	-	(2)	(82)	(306)	-	(390)
Effect of movements in exchange rates		-	118	-	-	100	56	109	383
At 31 December 2012		5,425	29,311	6,151	14,976	11,358	5,271	4,709	77,201
Depreciation									
At 1 January 2011		624	4,943	4,724	10,977	5,883	2,096	1,236	30,483
Depreciation for the year	18	77	544	135	421	553	596	142	2,468
Acquisition of subsidiaries		-	-	63	26	2,095	365	155	2,704
Disposals		-	-	-	(18)	(17)	(257)	(82)	(374)
Effect of movements in exchange rates		-	5	-	1	41	13	2	62
At 31 December 2011/ 1 January 2012		701	5,492	4,922	11,407	8,555	2,813	1,453	35,343
Depreciation for the year	18	77	170	127	509	613	606	323	2,425
Acquisition of subsidiaries		-	-	-	-	1,193	739	2,222	4,154
Transfer to asset held for sales		-	(132)	-	-	-	-	-	(132)
Written off		-	-	-	-	(1,037)	-	-	(1,037)
Disposals		-	-	-	-	(63)	(306)	-	(369)
Effect of movements in exchange rates		-	6	-	-	83	44	95	228
At 31 December 2012		778	5,536	5,049	11,916	9,344	3,896	4,093	40,612
Carrying amounts									
At 1 January 2011		4,801	18,043	328	2,537	1,171	1,699	311	28,890
At 31 December 2011/ 1 January 2012		4,724	25,622	935	2,501	1,706	1,686	734	37,908
At 31 December 2012		4,647	23,775	1,102	3,060	2,014	1,375	616	36,589

Notes to the Financial Statements (continued)

3. Property, plant and equipment (continued)

Company	Note	Land and building RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Total RM'000
Cost					
At 1 January 2011		-	415	228	643
Additions		7,841	338	251	8,430
At 31 December 2011/1 January 2012		7,841	753	479	9,073
Additions		-	313	-	313
At 31 December 2012		7,841	1,066	479	9,386
Depreciation					
At 1 January 2011		-	281	133	414
Depreciation for the year	18	-	85	48	133
At 31 December 2011/1 January 2012		-	366	181	547
Depreciation for the year	18	-	121	74	195
At 31 December 2012		-	487	255	742
Carrying amounts					
At 1 January 2011		-	134	95	229
At 31 December 2011/1 January 2012		7,841	387	298	8,526
At 31 December 2012		7,841	579	224	8,644

Title deeds to the freehold and leasehold land with expired lease period of more than 50 years of the Group with a carrying amount of RM7,841,000 and RM460,000 respectively (31 December 2011: RM7,841,000 and RM469,000; 1 January 2011: RM Nil and RM477,301) belonging to two (2) (31 December 2011: two (2); 1 January 2011: one (1)) subsidiaries are in the process of being registered in the name of the companies.

3.1 Security

At 31 December 2012, leasehold land and office buildings of the Group with a carrying amount of RM1,473,232 and RM9,895,891 (31 December 2011: RM1,512,000 and RM9,663,000; 1 January 2011: RM1,550,000 and RM9,842,000) respectively have been pledged as securities for the bank facilities granted to the Group (refer Note 15).

3.2 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 RM3,992,372 (31 December 2011: RM3,526,467; 1 January 2011: RM2,860,121).



Notes to the Financial Statements (continued)

4. Prepaid lease payments

Leasehold land with unexpired period less than 50 years

Group	Note	RM'000
Cost		
At 1 January 2011/ 31 December 2011/1 January 2012/ 31 December 2012		2,975
Amortisation		
At 1 January 2011		83
Amortisation for the year	18	198
At 31 December 2011/1 January 2012		281
Amortisation for the year	18	198
At 31 December 2012		479
Carrying amounts		
At 1 January 2011		2,892
At 31 December 2011/1 January 2012		2,694
At 31 December 2012		2,496

5. Investment properties

Group and Company	RM'000
At 1 January 2011	4,945
Addition	989
At 31 December 2011/1 January 2012	5,934
Addition	659
Assets classified as held for sales	(3,503)
At 31 December 2012	3,090

The construction of investment property has completed during the year and currently measured at cost.

Notes to the Financial Statements (continued)

6. Intangible assets

Group	Note	Goodwill RM'000	Patents and trademarks RM'000	Total RM'000
Cost				
At 1 January 2011		1,954	1,189	3,143
Acquisition		-	24	24
At 31 December 2011/1 January 2012		1,954	1,213	3,167
Acquisition		1,872	16	1,888
At 31 December 2012		3,826	1,229	5,055
Amortisation				
At 1 January 2011				
Accumulated amortisation		-	1,112	1,112
Amortisation for the year	18	-	4	4
At 31 December 2011/1 January 2012				
Accumulated amortisation		-	1,116	1,116
Amortisation for the year	18	-	12	12
At 31 December 2012				
Accumulated amortisation		-	1,128	1,128
Carrying amounts				
At 1 January 2011		1,954	77	2,031
At 31 December 2011/1 January 2012		1,954	97	2,051
At 31 December 2012		3,826	101	3,927

6.1 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 using cash flow projections based on financial budgets approved by the Board of Directors, covering one year period. Cash flow projections for the period beyond the one year period are extrapolated using 0% growth rate (31 December 2011: 0%; 1 January 2011: 5% for a 5 years projection). The key assumptions used for value-in-use calculations are:

- The subsidiaries will continue its operation indefinitely.
- The size of operation will remain with at least or not lower than the current results.
- The discount rate applied of 5.40% (31 December 2011: 6.15%) has incorporated elements of time value of money and business risk.

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)

6. Intangible assets (continued)

Company	Note	Patents and trademarks RM'000	Total RM'000
Cost			
At 1 January 2011		1,036	1,036
Acquisition		12	12
At 31 December 2011/1 January 2012		1,048	1,048
Acquisition		4	4
At 31 December 2012		1,052	1,052
Amortisation			
At 1 January 2011			
Accumulated amortisation		998	998
Amortisation for the year	18	7	7
At 31 December 2011/1 January 2012		1,005	1,005
Accumulated amortisation		1,005	1,005
Amortisation for the year	18	6	6
At 31 December 2012		1,011	1,011
Accumulated amortisation		1,011	1,011
Carrying amounts			
At 1 January 2011		38	38
At 31 December 2011/1 January 2012		43	43
At 31 December 2012		41	41

7. Investments in subsidiaries

Company	At cost RM'000	Impairment loss RM'000	Carrying amount RM'000
At 1 January 2011	32,179	(421)	31,758
Investment in new subsidiaries	8,000	-	8,000
Capital redemption	(1,223)	-	(1,223)
Impairment loss	-	(6,346)	(6,346)
Reversal of capital contribution	(7,020)	-	(7,020)
At 31 December 2011/1 January 2012	31,936	(6,767)	25,169
Investment in new subsidiaries	6,779	-	6,779
At 31 December 2012	38,715	(6,767)	31,948

Capital contribution to subsidiaries relates to amounts due from subsidiaries which the repayments of these amounts are neither fixed nor expected and hence, are considered as part of the investment in these companies.

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)

7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest		
			31.12.12	31.12.11	1.1.11
			%	%	%
Khind Industries Sdn. Bhd.	Malaysia	Dormant	100	100	100
Khind Customer Service Sdn. Bhd.	Malaysia	Providing general repair and rework services and renting of commercial properties	100	100	100
Khind-Mistral (Sabah) Sdn. Bhd.	Malaysia	Renting of properties and motor vehicles	100	100	100
Khind-Mistral (Borneo) Sdn. Bhd.	Malaysia	Trading in electrical home appliances and wiring accessories	100	100	100
Khind Components Sdn. Bhd.	Malaysia	Dormant	100	100	100
Khind-Mistral Industries Sdn. Bhd.	Malaysia	Manufacture and sale of electrical home appliances and wiring accessories	100	100	100
Khind-Mistral (M) Sdn. Bhd.	Malaysia	Trading in electrical and home appliances products	100	100	100
Khind Technology Centre Sdn. Bhd.	Malaysia	Dormant	100	100	100
Mayer Marketing (M) Sdn. Bhd. (f.k.a. Khind Home Appliances Sdn.Bhd.)	Malaysia	Dormant	100	100	100
Mistral (Singapore) Pte. Ltd.*	Singapore	Trading in electrical products	100	100	100
Khind Middle East FZE* #	Dubai	Trading in home appliances	100	100	100
Khind Alliances Sdn. Bhd. (f.k.a. Indesico (M) Sdn. Bhd.)	Malaysia	Trading in electrical home appliances	100	100	100
Khind Electrical (Malaysia) Sdn. Bhd. (f.k.a. Ancom Electrical (Malaysia) Sdn. Bhd.)	Malaysia	Wholesale and distribution of electrical products	100	100	-
Khind Systems (Singapore) Pte. Ltd. (f.k.a. Ancom Systems (Singapore) Pte. Ltd.)*	Singapore	Manufacture and supply of power distribution, protection solutions	100	100	-
Khind Electrical & Environmental (Singapore) Pte. Ltd. (f.k.a. Ancom Electrical & Environmental (Singapore) Pte. Ltd.)* ##	Singapore	Distribution of electrical goods, environmental hygiene services/products	100	100	-
Khind Electrical (Hong Kong) Limited (f.k.a. Ancom Electrical (Hong Kong) Limited)* ##	Hong Kong	Trading in electrical products and building materials	100	100	-
Khind Electrical (Guangzhou) Limited (f.k.a. Ancom Electrical (Guangzhou) Limited)* ###	China	Sales and distribution of lighting and electrical products	100	100	-
Mayer Marketing Pte. Ltd.*	Singapore	Trading in electrical and home appliances products	100	-	-
Mayer Marketing Sdn. Bhd.*####	Brunei	Trading in electrical and home appliances products	99.9	-	-

* Not audited by KPMG.

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

The entire equity interest is held by the Company's subsidiary, Khind Systems (Singapore) Pte. Ltd.

The entire equity interest is held by the Company's subsidiary, Khind Electrical (Hong Kong) Limited.

There are 99.9% equity interest is held by the Company's subsidiary, Mayer Marketing Pte. Ltd.



Notes to the Financial Statements (continued)

8. Other investments

Group	Total RM'000	Shares quoted in Malaysia RM'000	Trust fund RM'000
31 December 2012			
Current			
Financial assets at fair value through profit or loss:			
Held for trading	1,164	215	949
Market value of quoted investment	<u>1,164</u>	<u>215</u>	<u>949</u>
31 December 2011			
Current			
Financial assets at fair value through profit or loss:			
Held for trading	1,050	180	870
Market value of quoted investment	<u>1,050</u>	<u>180</u>	<u>870</u>
1 January 2011			
Current			
Financial assets at fair value through profit or loss:			
Held for trading	157	157	-
Market value of quoted investment	<u>157</u>	<u>157</u>	<u>-</u>
Company			
31 December 2012			
Current			
Financial assets at fair value through profit or loss:			
Held for trading	949	-	949
Market value of quoted investment	<u>949</u>	<u>-</u>	<u>949</u>
31 December 2011			
Current			
Financial assets at fair value through profit or loss:			
Held for trading	870	-	870
Market value of quoted investment	<u>870</u>	<u>-</u>	<u>870</u>
1 January 2011			
Current			
Financial assets at fair value through profit or loss:			
Held for trading	2	2	-
Market value of quoted investment	<u>2</u>	<u>2</u>	<u>-</u>

Notes to the Financial Statements (continued)

9. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets			Liabilities			Net		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Property, plant and equipment	-	-	-	(3,314)	(3,352)	(3,096)	(3,314)	(3,352)	(3,096)
Tax loss carry-forwards	305	298	266	-	-	-	305	298	266
Unutilised capital allowances carry-forwards	16	9	7	-	-	-	16	9	7
Provisions	2,977	2,953	1,754	-	-	-	2,977	2,953	1,754
Other items	802	884	904	-	-	-	802	884	904
Tax assets/(liabilities)	4,100	4,144	2,931	(3,314)	(3,352)	(3,096)	786	792	(165)

Unrecognised deferred tax assets

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

	Group			Company		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Deductible temporary differences	(8,705)	(2,694)	(1,659)	(7,695)	(440)	(1,012)
Tax loss carry-forwards	(20,611)	(10,038)	(9,137)	(7,190)	(7,200)	(6,859)
Unutilised capital allowances c/f	(2,227)	(1,121)	(422)	(636)	(1,043)	(357)
	<u>(31,543)</u>	<u>(13,853)</u>	<u>(11,218)</u>	<u>(15,521)</u>	<u>(8,683)</u>	<u>(8,228)</u>
Tax at 25%	7,886	3,463	2,804	3,880	2,171	2,057

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.

Movement in temporary differences during the financial year

Group	At 1.1.2011	Recognised in profit or loss (Note 22)	Acquired in business combinations (Note 31)	At 31.12.2011/ 1.1.2012	Recognised in profit or loss (Note 22)	At 31.12.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(3,096)	(189)	(67)	(3,352)	38	(3,314)
Tax loss carry-forwards	266	32	-	298	7	305
Unutilised capital allowances carry-forwards	7	2	-	9	7	16
Provisions	1,754	944	255	2,953	24	2,977
Other items	904	(20)	-	884	(82)	802
	<u>(165)</u>	<u>769</u>	<u>188</u>	<u>792</u>	<u>(6)</u>	<u>786</u>



Notes to the Financial Statements (continued)

10. Trade and other receivables

	Note	31.12.12 RM'000	Group 31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	Company 31.12.11 RM'000	1.1.11 RM'000
Non-current							
Amount due from subsidiaries	10.1	-	-	-	-	-	15,337
Current							
Trade							
Trade receivables		53,440	39,679	35,234	-	-	-
Less: Allowance for impairment loss		(2,385)	(1,711)	(999)	-	-	-
	10.2	51,055	37,968	34,235	-	-	-
Non-trade							
Amount due from subsidiaries		-	-	-	19,095	20,254	1,323
Less: Allowance for impairment loss		-	-	-	(4,247)	(3,595)	-
	10.1	-	-	-	14,848	16,659	1,323
Other receivables		7,070	9,082	9,166	18	29	15
Less: Allowance for impairment loss		-	(1,236)	(1,236)	-	-	-
	10.3	7,070	7,846	7,930	18	29	15
Deposits		3,202	537	232	-	26	-
Prepayments		1,253	2,936	1,904	22	1,136	890
		11,525	11,319	10,066	40	1,191	905
		62,580	49,287	44,301	14,888	17,850	2,228

10.1 Amount due from subsidiaries

Non-current

Amount due from subsidiaries in prior year were in respect of advances, which were unsecured, interest free and have been settled in prior year.

Current

Amount due from subsidiaries are in respect of advances and payments made on behalf, which are unsecured, interest bearing at 4% (31 December 2011: 4%; 1 January 2011: 4%) and repayable on demand.

10.2 Trade receivables

All trade receivables are subject to normal trade terms. During the year, impairment loss of RM69,000 (31 December 2011: RM110,000; 1 January 2011: RM92,000) was written off against allowance for impairment loss.

10.3 Other receivables

Included in other receivables is an amount of RM6,614,483 (31 December 2011: RM7,288,758; 1 January 2011: RM7,754,000) being advances paid for the purchases of inventories.

Notes to the Financial Statements (continued)

11. Inventories

Group	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Raw materials	4,923	5,076	4,499
Work-in-progress	877	421	551
Manufactured inventories	51,319	43,954	32,337
	<u>57,119</u>	<u>49,451</u>	<u>37,387</u>

The write-down of inventories and reversal of write-down of inventories to net realisable value amounted to RM261,000 and RM2,000 (31 December 2011: RM506,000 and RM966,000; 1 January 2011: RM97,000 and RM5,000) respectively. The write-down and reversal are included in cost of sales.

12. Cash and cash equivalents

	Group			Company		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Deposits placed with licensed banks	7,668	9,532	10,323	-	2,846	2,113
Cash and bank balances	26,845	17,101	13,518	1,780	735	3,473
	<u>34,513</u>	<u>26,633</u>	<u>23,841</u>	<u>1,780</u>	<u>3,581</u>	<u>5,586</u>

13. Assets classified as held for sale

	Group			Company		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Non-current assets						
Property (Note 13.1)	1,789	-	-	-	-	-
Investment property (Note 13.1)	3,503	-	-	3,503	-	-
Financial asset at fair value through profit or loss:						
Investment in trust funds						
- quoted	-	-	1,046	-	-	1,046
- unquoted	-	-	2,529	-	-	2,529
	<u>5,292</u>	<u>-</u>	<u>3,575</u>	<u>3,503</u>	<u>-</u>	<u>3,575</u>

13.1 Property and investment property

Property and investment property held for sale comprise the following:

	Property RM'000	Investment Property RM'000	Total RM'000
Group			
2012			
Cost	1,921	3,503	5,424
Accumulated depreciation	(132)	-	(132)
	<u>1,789</u>	<u>3,503</u>	<u>5,292</u>
Company			
2012			
Cost			3,503
Accumulated depreciation			-
			<u>3,503</u>

Notes to the Financial Statements (continued)

14. Share capital and reserves

Share capital

Group and Company	Amount	Number	Amount	Number	Amount	Number
	31.12.12 RM'000	of shares 31.12.12 '000	31.12.11 RM'000	of shares 31.12.11 '000	1.1.11 RM'000	of shares 1.1.11 '000
Authorised:						
Ordinary shares of RM1 each	50,000	50,000	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	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 2012 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 2012 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.

15. Loans and borrowings

	Group			Company		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Non-current						
Secured term loans	20,417	20,814	13,743	11,725	11,267	4,007
Hire purchase liabilities (Note 15.1)	1,222	1,230	982	-	-	-
	21,639	22,044	14,725	11,725	11,267	4,007
Current						
Secured term loans	1,120	1,115	613	136	-	-
Secured bank overdrafts	415	413	463	-	-	-
Unsecured bank overdrafts	1,075	42	212	-	-	-
Unsecured bankers' acceptances	41,661	25,869	23,151	-	-	-
Hire purchase liabilities (Note 15.1)	795	792	853	-	-	-
	45,066	28,231	25,292	136	-	-
	66,705	50,275	40,017	11,861	11,267	4,007

Security

The secured term loans are:

- secured by way of fixed charges over the Group's leasehold land and office buildings (refer Note 3); and
- supported by corporate guarantee from the Company.

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.

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

Notes to the Financial Statements (continued)

15. Loans and borrowings (continued)

Significant covenants for the term loans

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

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

15.1 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	31.12.12 RM'000	31.12.12 RM'000	31.12.12 RM'000	31.12.11 RM'000	31.12.11 RM'000	31.12.11 RM'000	1.1.11 RM'000	1.1.11 RM'000	1.1.11 RM'000
Less than one year	893	98	795	890	98	792	941	88	853
Between one and five years	1,320	98	1,222	1,332	102	1,230	1,053	71	982
	<u>2,213</u>	<u>196</u>	<u>2,017</u>	<u>2,222</u>	<u>200</u>	<u>2,022</u>	<u>1,994</u>	<u>159</u>	<u>1,835</u>

16. Trade and other payables

	Note	Group			Company		
		31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Trade							
Trade payables		22,221	18,932	13,181	-	-	-
Non-trade							
Amount due to subsidiaries	16.1	-	-	-	3,816	4,251	8,497
Other payables		15,350	10,345	4,778	1,428	1,140	1,119
Accrued expenses		11,788	12,775	9,106	154	7	-
		<u>27,138</u>	<u>23,120</u>	<u>13,884</u>	<u>5,398</u>	<u>5,398</u>	<u>9,616</u>
		<u>49,359</u>	<u>42,052</u>	<u>27,065</u>	<u>5,398</u>	<u>5,398</u>	<u>9,616</u>

16.1 Amount due to subsidiaries

Amount due to subsidiaries are mainly in respect of advances, which are unsecured, interest bearing at 4% (31 December 2011: 4%; 1 January 2011: 4%) and repayable on demand.

17. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales	288,591	241,850	-	-
Management fees	-	-	5,241	5,047
Dividends	-	-	9,601	8,290
	<u>288,591</u>	<u>241,850</u>	<u>14,842</u>	<u>13,337</u>



Notes to the Financial Statements (continued)

18. Results from operating activities

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Results from operating activities					
is arrived at after charging:					
Amortisation on:					
- Intangible assets	6	12	4	6	7
- Prepaid lease payments	4	198	198	-	-
Auditors' remuneration:					
- Audit fees					
KPMG Malaysia		160	156	25	24
Other auditors		102	65	-	-
- Non-audit fees					
KPMG Malaysia		57	12	57	12
Depreciation on property, plant and equipment	3	2,425	2,468	195	133
Property, plant and equipment written off		3	-	-	-
Net loss arising on financial assets					
- other investments	27.1	-	87	-	112
Impairment loss on:					
- investment in subsidiaries		-	-	652	6,346
- trade and other receivables	27.3	75	319	-	3,595
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		4,385	3,308	574	609
- Wages, salaries and others		36,628	33,065	4,850	4,800
Rental of premises		4,943	1,385	96	96
Foreign exchange loss:					
- realised		214	194	23	3
- unrealised		243	-	-	-
Write-down of inventories	11	261	506	-	-
and after crediting:					
Dividend income from subsidiaries (unquoted)					
		-	-	9,601	8,290
Impairment loss for receivables written off	27.3	20	110	-	-
Foreign exchange gain					
- realised		1,370	1,710	-	-
- unrealised		9	-	-	-
Inter-company management fees		-	-	5,240	5,047
Rental income of premises		90	260	90	-
Net gain arising on financial assets					
- other investments	27.1	114	-	79	-
Gain on disposal of property, plant and equipment		30	84	-	-
Reversal of impairment loss for trade receivables	27.3	153	29	-	-
Reversal of write-down of inventories	11	2	966	-	-
Negative goodwill recognised	31	-	494	-	-

Notes to the Financial Statements (continued)

19. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors:				
- Remuneration	4,217	4,040	1,660	1,654
- Fees	192	179	192	179
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	739	659	420	377
	<u>5,148</u>	<u>4,878</u>	<u>2,272</u>	<u>2,210</u>

20. Interest income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits place with licensed banks	266	261	38	86
- loans to subsidiaries	-	-	243	478
	<u>266</u>	<u>261</u>	<u>281</u>	<u>564</u>

21. Finance costs

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	1,002	712	545	227
- bank overdrafts	62	60	-	-
- inter-company advances	-	-	213	185
- other borrowings	1,670	1,654	-	-
	<u>2,734</u>	<u>2,426</u>	<u>758</u>	<u>412</u>



Notes to the Financial Statements (continued)

22. Tax expense

Recognised in the profit or loss

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
Malaysian - current year	3,050	4,182	737	575
- prior year	(490)	(678)	(27)	-
Overseas - current year	146	140	-	-
- prior year	80	6	-	-
	<u>2,786</u>	<u>3,650</u>	<u>710</u>	<u>575</u>
Deferred tax expense				
Reversal of temporary differences	(264)	(730)	-	-
Over provision in prior year	270	(39)	-	-
	<u>6</u>	<u>(769)</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>2,792</u>	<u>2,881</u>	<u>710</u>	<u>575</u>

Reconciliation of tax expense

Profit before tax	<u>13,399</u>	<u>10,748</u>	<u>5,421</u>	<u>1,514</u>
Tax at Malaysian tax rate of 25%	3,349	2,687	1,355	378
Change in unrecognised temporary difference	409	768	711	957
Effect of tax rates in foreign jurisdictions	(711)	(336)	-	-
Non-deductible expenses	2,890	1,954	334	2,711
Tax exempt income	<u>(3,005)</u>	<u>(1,481)</u>	<u>(1,663)</u>	<u>(3,471)</u>
	2,932	3,592	737	575
Over provided in prior years	<u>(140)</u>	<u>(711)</u>	<u>(27)</u>	<u>-</u>
	<u>2,792</u>	<u>2,881</u>	<u>710</u>	<u>575</u>

23. Earnings per ordinary 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 RM10,607,000 (31 December 2011: RM7,867,000; 1 January 2011: RM8,318,000) and the weighted average number of ordinary shares outstanding during the year of 40,059,000 (31 December 2011: 40,059,000; 1 January 2011: 40,059,000).

Notes to the Financial Statements (continued)

24. Dividend

Dividend recognised in the current year by the Company is:

	Sen per share	Total amount RM'000	Date of payment
2012			
Interim 2012 ordinary Tax exempt	6.00	<u>2,404</u>	31 October 2012
2011			
Interim 2011 ordinary Tax exempt	7.00	<u>2,804</u>	28 October 2011

25. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Investment holdings - Includes the holding of investment in subsidiaries
- Trading and service - Includes trading of electrical products and providing general repair and rework services
- Manufacturing - Includes manufacturing and distribution of electrical products

Performance is measured based on segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid lease payment and investment properties and intangible assets other than goodwill.



Notes to the Financial Statements (continued)

25. Operating segments (continued)

Group	Investment holdings		Trading and services		Manufacturing		Eliminations		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue										
External revenue										
- Malaysia	-	-	157,664	162,506	6,664	1,634	-	-	164,328	164,140
- Outside Malaysia	-	-	110,859	68,846	13,404	8,864	-	-	124,263	77,710
Total external revenue	-	-	268,523	231,352	20,068	10,498	-	-	288,591	241,850
Inter-segment revenue	14,842	13,337	5,915	8,163	56,369	51,756	(77,126)	(73,256)	-	-
Total segment revenue	14,842	13,337	274,438	239,515	76,437	62,254	(77,126)	(73,256)	288,591	241,850
Segment profit	5,899	1,362	12,956	9,451	5,502	6,649	(8,490)	(5,043)	15,867	12,419
Finance cost									(2,734)	(2,426)
Interest income									266	261
Gain on negative goodwill									-	494
Profit before tax									13,399	10,748
Tax expense									(2,792)	(2,881)
Profit for the year									10,607	7,867
Assets										
Segment assets	18,048	28,930	150,884	101,990	37,838	44,088	-	-	206,770	175,008
Unallocated assets									2,486	4,619
Total assets									209,256	179,627
Liabilities										
Segment liabilities	13,442	12,414	77,037	62,105	25,585	17,808	-	-	116,064	92,327
Unallocated liabilities									2,397	5,298
Total liabilities									118,461	97,625
Capital expenditure										
Capital expenditure	313	8,430	5,168	921	1,445	1,536	-	-	6,919	10,887
Depreciation and amortisation	206	140	5,541	1,200	1,255	1,342	(12)	(12)	6,990	2,670

Notes to the Financial Statements (continued)

26. Capital and other commitments

Group and Company	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Plant and equipment			
Contracted but not provided for	3,840	659	8,704

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Fair value through profit or loss (FVTPL):
 - Held for trading, and
- (c) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
31 December 2012			
Financial assets			
Group			
Other investments (Note 8)	1,164	-	1,164
Trade and other receivables	61,327	61,327	-
Cash and cash equivalents (Note 12)	34,513	34,513	-
	<u>97,004</u>	<u>95,840</u>	<u>1,164</u>
Company			
Other investments (Note 8)	949	-	949
Trade and other receivables	14,866	14,866	-
Cash and cash equivalents (Note 12)	1,780	1,780	-
	<u>17,595</u>	<u>16,646</u>	<u>949</u>
		Carrying amount RM'000	OL RM'000
31 December 2012			
Financial liabilities			
Group			
Loans and borrowings (Note 15)		66,705	66,705
Trade and other payables (Note 16)		49,359	49,359
		<u>116,064</u>	<u>116,064</u>
Company			
Loans and borrowings (Note 15)		11,861	11,861
Trade and other payables (Note 16)		5,398	5,398
		<u>17,259</u>	<u>17,259</u>



Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
31 December 2011			
Financial assets			
Group			
Other investments (Note 8)	1,050	-	1,050
Trade and other receivables	46,351	46,351	-
Cash and cash equivalents (Note 12)	26,633	26,633	-
	<u>74,034</u>	<u>72,984</u>	<u>1,050</u>
Company			
Other investment (Note 8)	870	-	870
Trade and other receivables	16,714	16,714	-
Cash and cash equivalents (Note 12)	3,581	3,581	-
	<u>21,165</u>	<u>20,295</u>	<u>870</u>
		Carrying amount RM'000	OL RM'000
31 December 2011			
Financial liabilities			
Group			
Loans and borrowings (Note 15)		50,275	50,275
Trade and other payables (Note 16)		42,052	42,052
		<u>92,327</u>	<u>92,327</u>
Company			
Loans and borrowings (Note 15)		11,267	11,267
Trade and other payables (Note 16)		5,398	5,398
		<u>16,665</u>	<u>16,665</u>
	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
1 January 2011			
Financial assets			
Group			
Other investments	3,732	-	3,732
Trade and other receivables	42,631	42,631	-
Cash and cash equivalents (Note 12)	23,841	23,841	-
	<u>70,204</u>	<u>66,472</u>	<u>3,732</u>
Company			
Other investment	3,577	-	3,577
Trade and other receivables	17,565	17,565	-
Cash and cash equivalents (Note 12)	5,586	5,586	-
	<u>26,728</u>	<u>23,151</u>	<u>3,577</u>

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	OL RM'000
1 January 2011		
Financial liabilities		
Group		
Loans and borrowings (Note 15)	40,017	40,017
Trade and other payables (Note 16)	29,969	29,969
	<u>69,986</u>	<u>69,986</u>
Company		
Loans and borrowings (Note 15)	4,007	4,007
Trade and other payables (Note 16)	12,520	12,520
	<u>16,527</u>	<u>16,527</u>

Net gains and losses arising from financial instruments:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net gain/(losses) arising on:				
Fair value through profit or loss				
- Held for trading	114	(87)	79	(112)
Loans and receivables	267	261	281	564
Financial liabilities measured at amortised cost	(2,734)	(2,426)	(759)	(412)
	<u>(2,353)</u>	<u>(2,252)</u>	<u>(399)</u>	<u>40</u>

27.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.3 Credit risk (continued)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluation are performed on all new customers receiving 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.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group			Company		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Domestic	36,913	32,184	25,613	14,888	17,850	17,427
Asia	19,860	13,116	13,355	-	-	-
Middle-East	705	1,115	1,082	-	-	-
Europe & USA	1,030	771	461	-	-	-
Others	4,072	2,101	3,790	-	-	-
	<u>62,580</u>	<u>49,287</u>	<u>44,301</u>	<u>14,888</u>	<u>17,850</u>	<u>17,427</u>

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2012				
Not past due	29,335	-	-	29,335
Past due 0 - 30 days	10,515	-	-	10,515
Past due 31 - 120 days	11,150	-	-	11,150
Past due more than 120 days	2,440	(2,385)	-	55
	<u>53,440</u>	<u>(2,385)</u>	<u>-</u>	<u>51,055</u>
31 December 2011				
Not past due	32,579	-	-	32,579
Past due 0 - 30 days	1,115	-	-	1,115
Past due 31 - 120 days	3,175	-	-	3,175
Past due more than 120 days	2,810	(1,711)	-	1,099
	<u>39,679</u>	<u>(1,711)</u>	<u>-</u>	<u>37,968</u>

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.3 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
1 January 2011				
Not past due	30,285	-	-	30,285
Past due 0 - 30 days	1,927	-	-	1,927
Past due 31 - 120 days	2,391	(368)	-	2,023
Past due more than 120 days	631	(631)	-	-
	<u>35,234</u>	<u>(999)</u>	<u>-</u>	<u>34,235</u>

The movements in the allowance for impairment losses of trade receivables during the financial year were:

Group	2012 RM'000	2011 RM'000
At 1 January	1,711	999
Acquisition of subsidiaries	772	532
Impairment loss recognised	75	319
Impairment loss reversed	(153)	(29)
Impairment loss written off	(20)	(110)
At 31 December	<u>2,385</u>	<u>1,711</u>

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

It is the policy of the Group to maximise the value of its liquid assets through external investments in different asset classes to complement its current businesses. Allowed investment set by the management is RM10 million and any single external investment to the same financial intermediary should not exceed 20% of the allocated fund.

Exposure to credit risk and credit quality

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.



Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.3 Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk and credit quality

The maximum exposure to credit risk amounts to RM127,180,000 (31 December 2011: RM98,161,000; 1 January 2011: RM76,915,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries. Non-current loans to subsidiaries are not overdue.

27.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.4 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
31 December 2012							
<i>Non-derivative financial liabilities</i>							
Secured term loans	21,537	2.61%-5.34%	27,737	1,705	1,163	3,966	20,903
Hire purchase liabilities	2,017	5.33%-6.56%	2,213	893	621	699	-
Unsecured bankers' acceptances	41,661	3.53%-5.89%	41,876	41,876	-	-	-
Secured bank overdraft	415	8.09%-11.25%	415	415	-	-	-
Unsecured bank overdraft	1,075	1.09%	1,075	1,075	-	-	-
Trade and other payables	49,359	-	49,359	49,359	-	-	-
	<u>116,064</u>		<u>122,675</u>	<u>95,323</u>	<u>1,784</u>	<u>4,665</u>	<u>20,903</u>
Company							
31 December 2012							
<i>Non-derivative financial liabilities</i>							
Secured term loans	11,861	4.72%	15,543	406	406	1,218	13,513
Loans from subsidiaries	3,816	4%	3,816	3,816	-	-	-
	<u>15,677</u>		<u>19,359</u>	<u>4,222</u>	<u>406</u>	<u>1,218</u>	<u>13,513</u>



Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.4 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
31 December 2011							
<i>Non-derivative financial liabilities</i>							
Secured term loans	21,929	2.44% - 5.10%	25,526	1,457	1,506	5,015	17,548
Hire purchase liabilities	2,022	3.40% - 7.00%	2,222	890	520	812	-
Unsecured bankers' acceptances	25,869	3.07% - 5.75%	26,054	26,054	-	-	-
Secured bank overdraft	413	7.80%	413	413	-	-	-
Unsecured bank overdraft	42	7.60% - 8.10%	42	42	-	-	-
Trade and other payables	42,052	-	42,052	42,052	-	-	-
	<u>92,327</u>		<u>96,309</u>	<u>70,908</u>	<u>2,026</u>	<u>5,827</u>	<u>17,548</u>
Company							
31 December 2011							
<i>Non-derivative financial liabilities</i>							
Secured term loans	11,267	4.60%	12,022	-	658	1,969	9,395
Loans from subsidiaries	4,251	4%	4,407	4,407	-	-	-
	<u>15,518</u>		<u>16,429</u>	<u>4,407</u>	<u>658</u>	<u>1,969</u>	<u>9,395</u>
Group							
1 January 2011							
<i>Non-derivative financial liabilities</i>							
Secured term loans	14,356	4.08% - 5.05%	20,738	1,065	1,366	3,868	14,439
Hire purchase liabilities	1,835	3.40% - 5.70%	1,994	941	548	505	-
Unsecured bankers' acceptances	23,151	2.75% - 4.80%	24,039	24,039	-	-	-
Secured bank overdraft	463	7.80%	463	463	-	-	-
Unsecured bank overdraft	212	8.30%	212	212	-	-	-
Trade and other payables	29,969	-	29,969	29,969	-	-	-
	<u>69,986</u>		<u>77,415</u>	<u>56,689</u>	<u>1,914</u>	<u>4,373</u>	<u>14,439</u>

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.4 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
1 January 2011							
<i>Non-derivative financial liabilities</i>							
Secured term loans	4,007	4.60%	5,750	-	288	863	4,599
Loans from subsidiaries	8,497	-	8,497	8,497	-	-	-
	<u>12,504</u>		<u>14,247</u>	<u>8,497</u>	<u>288</u>	<u>863</u>	<u>4,599</u>

27.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

27.5.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Singapore Dollar (SGD).

Risk management objectives, policies and processes for managing the risk

The Group does not hedge this exposure to the USD. 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 Board and the management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in		
	USD RM'000	SGD RM'000	Others RM'000
31 December 2012			
Trade receivables	5,061	12,545	1,437
Secured bank loans	-	(2,842)	-
Trade payables	(4,048)	(5,435)	(1,283)
Net exposure	<u>1,013</u>	<u>4,268</u>	<u>154</u>
31 December 2011			
Trade receivables	3,360	7,625	941
Secured bank loans	-	(3,329)	-
Trade payables	(721)	(5,172)	(535)
Net exposure	<u>2,639</u>	<u>(876)</u>	<u>406</u>



Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.5.1 Currency risk (continued)

Group	USD	Denominated in SGD	Others
	RM'000	RM'000	RM'000
1 January 2011			
Trade receivables	4,975	5,132	262
Secured bank loans	-	(2,542)	-
Trade payables	(964)	(430)	(2)
Net exposure	4,011	2,160	260

Currency risk sensitivity analysis

A 10% (2011: 10%) strengthening of Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2012 RM'000	2011 RM'000
USD	(76)	(198)
SGD	(320)	66
Others	(12)	(30)

A 10% (2011: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.5.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group utilise 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)

27. Financial instruments (continued)

27.5.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group			Company		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Fixed rate instruments						
Financial assets	7,668	9,532	10,323	-	2,846	2,113
Financial liabilities	2,017	2,022	1,835	-	-	-
	<u>9,685</u>	<u>11,554</u>	<u>12,158</u>	<u>-</u>	<u>2,846</u>	<u>2,113</u>
Floating rate instruments						
Financial liabilities	64,687	48,253	38,182	11,861	11,267	4,007

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rate at the end of the reporting period would have insignificant impact to the profit or loss, assuming all other variables, in particular foreign currency rates, remains constant.

27.5.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMKLCI).

A 10 percent strengthening/weakening in FBMKLCI at the end of the reporting period would have insignificant impact to the equity and profit or loss respectively.

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.6 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31.12.12		31.12.11		1.1.11	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group						
Investment in trust fund	949	949	870	870	-	-
Quoted shares	215	215	180	180	157	157
Secured bank loans	21,536	21,536	21,929	21,929	14,356	14,356
Hire purchase liabilities	2,017	2,213	2,022	2,125	1,835	1,835
Company						
Investment in trust fund	949	949	870	870	-	-
Secured bank loans	11,861	11,861	11,267	11,267	-	-
Loans to subsidiaries	3,816	3,816	16,659	16,659	16,660	16,660

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

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	31.12.12	31.12.11	1.1.11
Loans and borrowings	1.09% - 11.25%	2.44% - 8.10%	2.75% - 8.30%
Hire purchase leases	5.33% - 6.56%	3.40% - 7.00%	3.40% - 5.70%

Notes to the Financial Statements (continued)

27. Financial instruments (continued)

27.7 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2012				
Financial assets:				
Investment in quoted shares	215	-	-	215
Investment in trust fund	-	949	-	949
	215	949	-	1,164
31 December 2011				
Financial assets:				
Investment in quoted shares	180	-	-	180
Investment in trust fund	-	870	-	870
	180	870	-	1,050
Company				
31 December 2012				
Financial assets:				
Investment in trust fund	-	949	-	949
	-	949	-	949
31 December 2011				
Financial assets:				
Investment in trust fund	-	870	-	870
	-	870	-	870

28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.



Notes to the Financial Statements (continued)

28. Capital management (continued)

The debt-to-equity ratios at 31 December 2012, at 31 December 2011 and 1 January 2011 were as follows:

Group	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Total borrowings (Note 15)	66,705	50,275	40,017
Less: Cash and cash equivalents (Note 12)	(34,513)	(26,633)	(23,841)
Net debt	32,192	23,642	16,176
Total equity	90,794	82,002	76,496
Debt-to-equity ratios	0.35	0.28	0.21

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

29. Contingencies

Company	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Guarantee - unsecured			
Guarantees and contingencies relating to borrowings of subsidiaries	127,180	98,161	76,915

30. 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)

30. 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	Gross	Impairment	Net balance	Bad or doubtful
	transacted for	balance	loss on	outstanding	receivables
	the year ended	outstanding	doubtful	at	recognised for
	31 December	at	receivables	31 December	the year ended
	RM'000	31 December	at	31 December	31 December
		RM'000	RM'000	RM'000	RM'000
2012					
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.					
	65	14	(14)	-	-
2011					
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.					
	670	666	-	666	-

Company	2012	2011
	RM'000	RM'000
Subsidiaries		
- Management fees	(5,241)	(5,047)
- Rental expense	96	96
- Interest income	(243)	(478)
- Interest expense	213	185

Balances with subsidiaries at balance sheet date are disclosed in Note 10 and 16 to the financial statements.

31. Acquisitions of subsidiaries

(a) Acquisitions of subsidiaries in year 2012

On 2 April 2012, the Group acquired all the shares in Mayer Marketing Pte Ltd ("MMPL") and its subsidiaries, namely Mayer Marketing Sdn Bhd ("MMSB"), for RM6,778,978 satisfied in cash. The companies are involved in the trading and distribution of electrical and electronic equipments. The acquisition of these companies has allowed the Group's operation to penetrate into the market in Singapore and Brunei. In the 9 months to 31 December 2012, the subsidiaries contributed revenue of RM29,516,000 and profit of RM1,000,000. If the acquisition had occurred on 1 January 2012, management estimates that consolidated revenue would have been RM298,429,000 and consolidated profit for the financial year would have been RM10,940,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.



Notes to the Financial Statements (continued)

31. Acquisitions of subsidiaries (continued)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	RM'000
Fair value of consideration transferred		
Cash and cash equivalents		6,779
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	288
Inventories		12,820
Trade and other receivables		6,008
Cash and cash equivalents		2,380
Trade and other payables		(7,492)
Borrowing		(9,097)
Total identifiable net assets		4,907
Net cash arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		(6,779)
Cash and cash equivalents acquired		2,380
		(4,399)
Goodwill was recognised as a result of acquisition of subsidiary		
Total consideration transferred		6,779
Fair value of identifiable net assets		(4,907)
Goodwill		1,872

Acquisition-related costs

The Group incurred acquisition-related costs of RM62,210 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

(b) Acquisitions of subsidiaries in year 2011

On 31 January 2011, the Group acquired all the shares in Kind Electrical (Malaysia) Sdn Bhd ("KEM") and Kind Systems (Singapore) Pte Ltd ("KSS") and its wholly-owned subsidiaries, namely Kind Electrical & Environmental (Singapore) Pte Ltd ("KEE"), Kind Electrical (Hong Kong) Limited ("KEH") and Kind Electrical (Guangzhou) Limited ("KEG") for RM8,000,000 satisfied in cash. The companies are involved in the trading and distribution of electrical and electronic equipments. The acquisition of these companies has allowed the Group's operation to penetrate into the market in Hong Kong and China. In the 11 months to 31 December 2011, the subsidiaries contributed revenue of RM59,215,000 and profit of RM4,972,000. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue would have been RM244,877,000 and consolidated profit for the financial year would have been RM7,817,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2011.

Notes to the Financial Statements (continued)

31. Acquisitions of subsidiaries (continued)

(b) Acquisitions of subsidiaries in year 2011 (continued)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	RM'000
Fair value of consideration transferred		
Cash and cash equivalents		8,000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment		481
Deferred tax assets	9	255
Inventories		6,984
Trade and other receivables		3,512
Cash and cash equivalents		6,631
Deferred tax liabilities	9	(67)
Trade and other payables		(9,227)
Current tax liabilities		(75)
Total identifiable net assets		8,494
Net cash arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		(8,000)
Cash and cash equivalents acquired		6,631
Dividend paid to vendor (Ancom Logistics Berhad)		(3,624)
		(4,993)
Negative goodwill recognised		
Negative goodwill recognised in other income in the profit or loss as a result of the acquisition is as follows:		
Total consideration transferred		8,000
Fair value of identifiable net assets		(8,494)
Negative goodwill recognised		(494)

The Group incurred acquisition-related costs of RM161,300 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

32. Explanation of transition to MFRSs

As stated in note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

There are no differences between the balance sheet, income statement, statement of comprehensive income and cash flow statements presented under MFRS and those statements presented under FRSS.



Notes to the Financial Statements (continued)

33. Supplementary information on the disclosure of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	47,678	38,348	8,138	5,831
- unrealised	(655)	4,279	-	-
	47,023	42,627	8,138	5,831
Less: Consolidation adjustments	3,378	(428)	-	-
	50,401	42,199	8,138	5,831

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

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

In the opinion of the Directors, the financial statements set out on pages 42 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 at 31 December 2012 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 93 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 12 April 2013

Statutory declaration pursuant 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 42 to 92 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 12 April 2013.)

Before me:

LEE CHIN HIN
W493
Commission for Oaths
Kuala Lumpur, Malaysia



Independent auditors' report to the members of Khind Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Khind Holdings Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 92.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 7 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.

Independent auditors' report to the members of Khind Holdings Berhad (continued)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

LEE YEE KENG

Approval Number: 2880/04/13(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 12 April 2013



Statistics on Shareholdings as at 29 March 2013

SUBSTANTIAL SHAREHOLDERS - Per Register of Substantial Shareholders as at 29 March 2013

Names of Substantial Shareholders	Direct Interest	Percentage (%)	Deemed/ Indirect Interest	Percentage (%)
1 Kee Hin Ventures Sdn Bhd (429373-U)	15,708,837	39.21	-	-
2 Federlite Holdings Sdn Bhd (296526-H)	3,254,300	8.12	-	-
3 Cheng Ping Keat	2,725,720	6.80	15,708,837*	39.21
4 Koh Guat Kuan	2,165,199	5.41	-	-
5 Great Partner Industries Limited	-	-	15,708,837@	39.21

Notes: * Indirect interest by virtue of his shareholdings in Kee Hin Ventures Sdn. Bhd.

@ Indirect interest by virtue of their shareholdings in Kee Hin Ventures Sdn. Bhd.

Analysis of Shareholdings as at 29 March 2013

Authorised Share Capital : RM 50,000,000.00
 Issued and Paid-up Capital : RM 40,059,000.00
 Class of Shares : Ordinary shares of RM 1.00 each
 Voting Rights per Share : 1 vote per Ordinary Share
 No. of Shareholders : 1,137

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of issued capital
Less 100	167	14.69	6,207	0.015
100 - 1,000	138	12.14	95,465	0.238
1,001 - 10,000	704	61.92	2,373,570	5.925
10,001 - 100,000	107	9.41	2,680,241	6.690
100,001 to < 5% of issued shares	17	1.50	11,137,181	27.801
5% and above of issued shares	4	0.35	23,766,336	59.328
TOTAL	1,137	100.00	40,059,000	100.00

Statistics on Shareholdings as at 29 March 2013 (Continued)

THIRTY LARGEST SHAREHOLDERS - per Register of Depositors as at 29 March 2013

Names of Shareholders		No. of Shares held	% of issued capital
1	Kee Hin Ventures Sdn. Bhd. (429373-U)	15,371,967	38.37
2	Federlite Holdings Sdn. Bhd. (296526-H)	3,254,300	8.12
3	EB Nominees (Tempatan) Sendirian Berhad. (43785M) (Pledged A/c for Cheng Ping Keat)	2,638,000	6.59
4	Koh Guat Kuan	2,165,199	5.41
5	Cheng King Fa	1,889,601	4.72
6	Imartech Industries Sdn. Bhd. (270026-X)	1,568,000	3.91
7	BI Nominees (Tempatan) Sdn. Bhd. (176122-V) (Pledged A/c for Md. Azmi bin Lop Yusof)	1,469,935	3.67
8	Cheng Hup	1,357,069	3.39
9	Airex Industries Sdn. Bhd.	1,110,667	2.77
10	Cheng Yoke Leng	652,333	1.63
11	Cheng Yoke Kan	607,000	1.52
12	Amsec Nominees (Tempatan) Sdn. Bhd. [Pledged securities account - Ambank (M) Berhad for Lee Ah Lan @ Lee Keok Hooi (SMART)]	460,000	1.15
13	ABB Nominee (Tempatan) Sdn. Bhd. (37645-P) [Pledged Account for Yayasan Terengganu (111500117)]	400,000	1.00
14	Koh Eng Thye	379,367	0.95
15	Kee Hin Ventures Sdn. Bhd. (429373-U)	336,870	0.84
16	Ong Wan Bing @ Kie Tjhan	282,109	0.70
17	Yayasan Kelantan Darulnaim (KELENTBIL980)	245,000	0.61
18	Cheing Boon Ngoun @ Chean Puan In	169,367	0.42
19	Soh Chak Boo	155,500	0.39
20	Lim Ah Dek	154,700	0.39
21	Lim Peng Huat	120,000	0.30
22	Cheng Kin Yet	111,533	0.28
23	Chan Tuck Kwai	99,841	0.25
24	Khind Industries Sdn. Bhd. (173304-D)	89,100	0.22
25	Heng Sin Tok	88,333	0.22
26	Perbadanan Kemajuan Negeri Kedah (ECT 51965)	88,200	0.22
27	Cheng Ping Keat	87,720	0.22
28	Ng Cheng Soon	66,667	0.17
29	Public Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Ooi Kin Chong @ Ooi Kin Chong (E-SPI/ASR)]	56,900	0.14
30	Lai Hing Hing	56,000	0.14
		35,531,278	88.71



Directors' Shareholdings as at 29 March 2013

The Directors' shareholdings/interest and their deemed interest via their spouses and children are as follows:-

Names of Directors	Direct Shareholdings	Percentage %	Indirect Shareholdings	Percentage %	Deemed interest	Percentage %
1. Cheng King Fa	1,889,601	4.72	-	-	1,304,124 [#]	3.26
2. Cheng Ping Keat	2,725,720	6.80	15,708,837 [*]	39.21	2,165,199 [^]	5.41
3. Lee Ah Lan @ Lee Keok Hooi	460,000	1.15	-	-	-	-
4. Kamil bin Datuk Hj. Abdul Rahman	-	-	-	-	-	-
5. Wong Chin Mun	-	-	-	-	-	-

Note:

[#] Deemed interest by virtue of his spouse and children's direct shareholdings.

^{*} Indirect interest by virtue of his shareholdings in Kee Hin Ventures Sdn. Bhd.

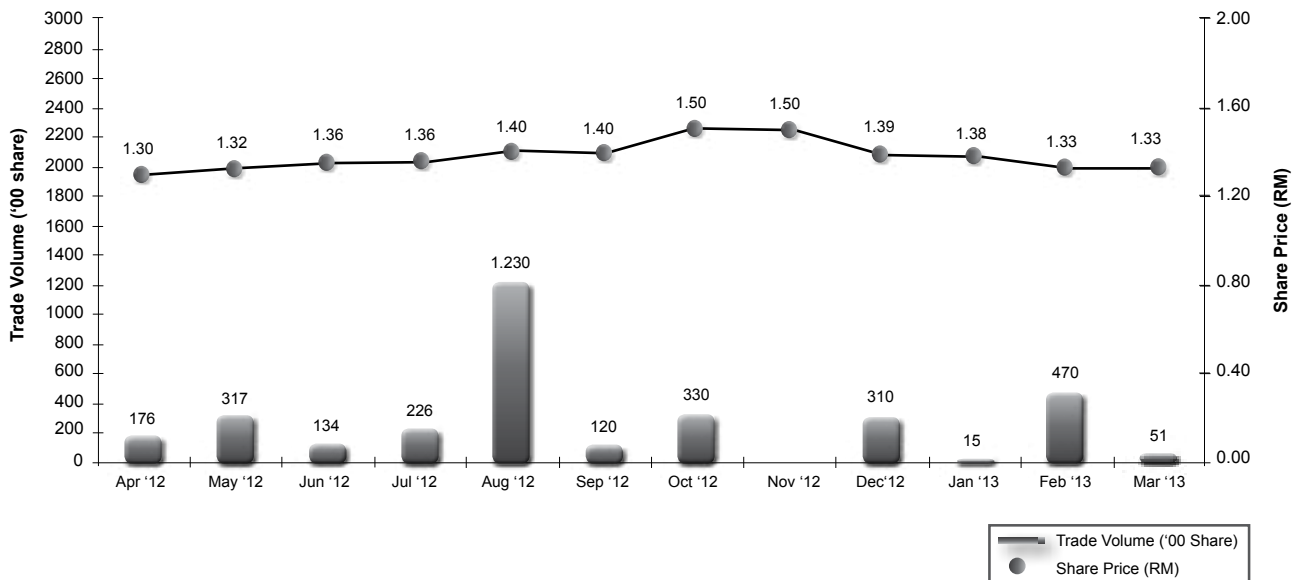
[^] Deemed interest by virtue of his spouse's direct shareholdings.

List of Properties Held by the Group as at 31 December 2012

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition/ Completion	Approx. age (months/years)	Net Book Value @ 31.12.2012 (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	(Land)	24.01.1989	23 years	2,713
				(Building)	15.01.1991 - 01.07.1998	14- 21 years	6,802
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	19 years	552
				(Lot 8245)	19.08.1995	17 years	
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	8 years	739	
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	4 years	461	
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	12 years	1,550	
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	13 years	433	
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, Khind Alliances Sdn Bhd and export office for Khind-Mistral Industries Sdn Bhd	12.03.1999	13 years	3,137	
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	12 years	2,072	
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.	23.10.2008	4 years	1,529	
Lot 745, Block 16 Kuching Central Land District	59,125	Leasehold expiring on 2025	Vacant Land	08.04.2010	3 years	2,496	
Flat No:G11 & G12 Discovery Garden, MOGUL 226 Dubai, UAE	2,002	Freehold	Apartments for staff accommodations	12.05.2010	3 years	652	
I-Parc, Lot 29, Seksyen U8 Bukit Jelutong, 40150 Shah Alam	5,339	Freehold	Vacant Building	15.01.2010	3 years	3,090	
PT 7725 held under 'HS(D) 204098 Mukim of Bukit Raja, Daerah Petaling Selangor Darul Ehsan	65,340	Freehold	Vacant Land	01.06.2010	3 years	7,841	

Investors' Information

MONTHLY SHARE PRICE AND TRADE VOLUME



PER SHARE INFORMATION

	As at 31 December					
	2012	2011	2010	2009	2008	2007
Earning per share (sen)	26.48	19.64	20.76	20.12	19.12	10.58
Gross Dividend per share (sen)	6.00	7.00	9.00	10.00	5.00	-
Net Dividend per share (sen)	6.00	7.00	7.25	10.00	3.70	-
Dividend Pay Out Ratio (%)	22.66	35.64	34.92	49.70	19.35	-
Dividend Yield (%)	4.51	5.38	5.70	9.52	7.14	-
Net Assets per share (RM)	2.27	2.05	1.91	1.79	1.69	1.53

SHARE CAPITAL INFORMATION

Price at 31-03-2013	: RM1.33
Market Capitalization at 31-03-2013	: RM53.28 million
Share prices	: Highest RM4.350 on 10-02-2000
	: Lowest RM0.280 on 3-12-2007
Daily Trade Volume	: Highest 256,300
	: Lowest 0

Khind Group Offices and Addresses

PENINSULAR MALAYSIA

CORPORATE HEADQUARTER

Khind Holdings Berhad (380310-D)

No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 603-7839 2000 Fax: 603-7845 6300 / 603-7847 5300
enquiry@khindmistral.com

BUSINESS OFFICE, SALES AND MARKETING OPERATIONS

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: 603-7839 2000 Fax: 603-7845 6300 / 603-7847 5300
enquiry@khindmistral.com

Branch Offices

Perak

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

Penang

No. 2, Jalan Perda Timur, Bandar Perda,
14000 Bukit Mertajam, Pulau Pinang
Tel: 604-537 2803 Fax: 604-537 0807
604-537 2804 604-537 2702
604-537 2703
kmm.bmo@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
kmm.mko@khindmistral.com

Pahang

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

Johor

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

Kelantan

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

Khind-Mistral Industries Sdn Bhd (213282-V)

Factory

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

Representative office in P.R.C.

Room 303, No. 13 Building, Changcheng, Foshan City,
Guangdong, P.R.China 528000
Tel: +86 757-8333 4980 Fax: +86 757-8399 1493
fskhind@163.com

Khind Alliances Sdn Bhd (811029-W)

No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: 603-7839 2000 Fax: 603-7845 6300 / 603-7847 5300
kas.inquiry@khindmistral.com

Khind Electrical (Malaysia) Sdn Bhd (84527-A)

No. 35, Persiaran Industri, Bandar Sri Damansara,
52200 Kuala Lumpur, Malaysia
Tel: 603-6276 8732 Fax: 603-6272 1137
kemy.enquiry@khindmistral.com

Penang Branch Office

11A-3-5, NB Place, Jalan Gottlieb
10350 Penang
Tel: 604-229 9394 Fax: 604-226 6390



Khind Group Offices and Addresses (continued)

EAST MALAYSIA

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

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

Kota Kinabalu

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

Branch Offices

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

Tawau

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

OVERSEAS

Khind Middle East FZE (01020)

FZS1 AA05, Jebel Ali, P.O.Box 261569, Dubai, United Arab Emirates
Tel: 00-9714-8860492 Fax: 00-9714-8860493
khind@emirates.net.ae

Khind Electrical & Environmental (Singapore) Pte Ltd (198000887M)

Khind Systems (Singapore) Pte Ltd (196400399W)

5, Penjuru Close, #03-00 Singapore 608600
Tel: 65-6862 3777 Fax: 65-6862 8628
kesg.sales@khindmistral.com
kssg.sales@khindmistral.com

Khind Electrical (Hong Kong) Limited (79949)

RM 1501, 15/F, CAC Tower, 165 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.
Tel: 00-852-2833 6966 Fax: 00-852-2838 0724
kehk.sales@khindmistral.com

Mistral (Singapore) Pte Ltd (200106472-H)

3, Kaki Bukit Road 1, #03-05 Eunos Technolink Singapore 415935
Tel: 65-6346 5233
65-6346 5122 Fax: 65-6346 5560
enquiry@mistral.com.sg

Mayer Marketing Pte Ltd (198701251D)

11, Changi North Way, JEL Centre, Singapore 498796
Tel: 65-6542 8383
65-6542 6868 Fax: 65-6543 5152
customerservice@mayer.com.sg

Mayer Marketing Sdn Bhd (AGO-RC-4836)

14, Block A, 1st Floor, Home Centre Building, Tanjung Bunut, Jalan Tutong, Brunei Darulsalam
Tel: 673-266 3721
673-266 3752 Fax: 673-266 3752
customerservice@mayer.com.sg

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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 Tuesday, 28 May 2013 at 10.00 a.m. to transact the following matters:-

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon.
2. To re-elect Lee Ah Lan @ Lee Keok Hooi who retire by rotation pursuant to the Company's Articles of Association 100. (Resolution 1)
3. To approve the Directors' Fees of RM180,000 for financial year ending 31 December 2013. (Resolution 2)
4. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 3)

As Special Business:-

5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:-

"THAT Cheng King Fa who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 4)

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

6. Ordinary Resolution

- **Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965**

"THAT subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time 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 issued pursuant to this Resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being. (Resolution 5)

THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. Ordinary Resolution

- **Continuing in office as an Independent Non-Executive Director**

"THAT authority be and is hereby given to Kamil bin Datuk Hj. Abdul Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company." (Resolution 6)



Notice of Annual General Meeting (Continued)

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

KUAN HUI FANG (MIA 16876)

TAN AI PENG (MAICSA 7018419)

Kuala Lumpur

30 April 2013

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the member may appoint not more than 2 proxies. The provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 20 May 2013. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

Explanatory Notes:-

Resolution 1:-

Lee Ah Lan @ Lee Keok Hooi is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at this Seventeenth Annual General Meeting. The Board has conducted an assessment on the independence of Mr. Lee Ah Lan@ Lee Keok Hooi and is satisfied that he has complied with the independence criteria applied by the Company.

Resolution 4:-

The re-appointment of Cheng King Fa, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if this proposed Resolution is passed by a majority of not less than three-fourths ($\frac{3}{4}$) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

Resolution 5:-

This proposed Resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Notice of Annual General Meeting (Continued)

Resolution 5:- (Continued)

This proposed Resolution is a renewal of the previous year's mandate. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 May 2012 and will lapse at the conclusion of the Seventeenth Annual General Meeting.

Resolution 6:-

The Board has assessed the independence of Kamil bin Datuk Hj. Abdul Rahman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Thus, he would be able to function as a check and balance and bring an element of objectivity to the Board;
- b. his area of specialization in corporate governance, corporate finance and risk management would provide the Board with an independent judgment to better manage and run the Group;
- c. he has a good understanding of the Group's business operations;
- d. he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- e. he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.

Statement Accompanying the Notice of Annual General Meeting

STATEMENT ACCOMPANYING THE NOTICE OF THE SEVENTEENTH (17TH) ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Details of the Director standing for Re-Appointment

The details of Cheng King Fa who is standing for re-appointment as Director pursuant to Section 129 of the Companies Act 1965 are disclosed on page 13.

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

FORM OF PROXY

No. of shares held

CDS Account No														

*I/We _____ Tel: _____
[Full name in block, NRIC/Company No.]

of _____

being member(s) of Khind Holdings Berhad, hereby appoint:-

Full Name (<i>in Block</i>)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (<i>in Block</i>)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Conference Room, Second Floor, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 May 2013 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1.	Re-election of Lee Ah Lan @ Lee Keok Hooi		
2.	Approval of Directors' Fees		
3.	Re-appointment of Messrs. KPMG as Auditors		
4.	Re-appointment of Cheng King Fa as Director		
5.	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
6.	Kamil bin Datuk Hj. Abdul Rahman to continue in office as an Independent Non-Executive Director		

[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 _____ 2013

Signature of Shareholder/Common Seal

NOTES:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the member may appoint not more than 2 proxies. The provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 20 May 2013. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.



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Affix
Stamp

The Company Secretary
Khind Holdings Berhad
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

please fold here