

## Directors' report for the year ended 31 December 2013

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 2013.

### 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 for the year attributable to:		
Owners of the Company	16,236	7,929

### 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 10 sen per ordinary share totalling RM4,005,900 in respect of the year ended 31 December 2013 on 30 September 2013.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013.

### 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



## Directors' report for the year ended 31 December 2013 (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 31.12.2013
	At 1.1.2013	Bought	Sold	
Cheng King Fa:				
Interest in the Company:				
– own	1,889,601	-	-	1,889,601
– others*	1,304,124	-	-	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 2013 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 2013 (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 financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) 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 2013 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 2013 (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: 11 April 2014

## Statements of Financial Position as at 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Assets</b>					
Property, plant and equipment	3	49,634	36,589	8,745	8,644
Prepaid lease payments	4	2,298	2,496	-	-
Investment properties	5	3,090	3,090	3,090	3,090
Intangible assets	6	3,970	3,927	56	41
Investments in subsidiaries	7	-	-	31,948	31,948
Deferred tax assets	9	4,262	4,100	-	-
<b>Total non-current assets</b>		<b>63,254</b>	<b>50,202</b>	<b>43,839</b>	<b>43,723</b>
Other investments	8	1,300	1,164	1,067	949
Trade and other receivables	10	69,044	62,580	13,357	14,888
Inventories	11	61,715	57,119	-	-
Current tax assets		73	105	602	613
Cash and bank balances	12	37,450	34,513	4,586	1,780
Assets classified as held for sale	13	-	5,292	-	3,503
<b>Total current assets</b>		<b>169,582</b>	<b>160,773</b>	<b>19,612</b>	<b>21,733</b>
<b>Total assets</b>		<b>232,836</b>	<b>210,975</b>	<b>63,451</b>	<b>65,456</b>
<b>Equity</b>					
Share capital		40,059	40,059	40,059	40,059
Translation reserve		1,307	333	-	-
Retained earnings		62,632	50,402	12,061	8,138
<b>Total equity attributable to owners of the Company</b>	14	<b>103,998</b>	<b>90,794</b>	<b>52,120</b>	<b>48,197</b>
<b>Liabilities</b>					
Deferred tax liabilities	9	2,202	3,314	-	-
Loans and borrowings	15	23,377	21,639	8,411	11,725
<b>Total non-current liabilities</b>		<b>25,579</b>	<b>24,953</b>	<b>8,411</b>	<b>11,725</b>
Loans and borrowings	15	47,481	45,066	350	136
Trade and other payables	16	53,598	49,359	2,570	5,398
Current tax liabilities		2,180	803	-	-
<b>Total current liabilities</b>		<b>103,259</b>	<b>95,228</b>	<b>2,920</b>	<b>5,534</b>
<b>Total liabilities</b>		<b>128,838</b>	<b>120,181</b>	<b>11,331</b>	<b>17,259</b>
<b>Total equity and liabilities</b>		<b>232,836</b>	<b>210,975</b>	<b>63,451</b>	<b>65,456</b>

The notes on pages 43 to 87 are an integral part of these financial statements.



## Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Continuing operations</b>					
Revenue	17	325,035	288,591	16,983	14,842
Cost of sales		(222,229)	(197,694)	-	-
<b>Gross profit</b>		102,806	90,897	16,983	14,842
Other income		5,892	1,856	1,690	183
Distribution expenses		(50,289)	(45,405)	-	-
Administrative expenses		(34,545)	(30,665)	(9,164)	(9,127)
Other operating expenses		(822)	(816)	-	-
<b>Results from operating activities</b>	18	23,042	15,867	9,509	5,898
Interest income	20	295	266	166	281
Finance costs	21	(3,241)	(2,734)	(674)	(758)
<b>Profit before tax</b>		20,096	13,399	9,001	5,421
Tax expense	22	(3,860)	(2,792)	(1,072)	(710)
<b>Profit for the year</b>		16,236	10,607	7,929	4,711
<b>Attributable to:</b>					
Owners of the Company		16,236	10,607	7,929	4,711
<b>Profit for the year</b>		16,236	10,607	7,929	4,711
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		974	591	-	-
<b>Total other comprehensive income for the year</b>		974	591	-	-
<b>Total comprehensive income for the year</b>		17,210	11,198	7,929	4,711
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		17,210	11,198	7,929	4,711
<b>Basic earnings per ordinary share (sen):</b>					
Continuing operations	23	40.53	26.48		

The notes on pages 43 to 87 are an integral part of these financial statements

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

----- Attributable to owners of the Company -----

---- Non-distributable ---- Distributable

	Note	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>Group</b>					
<b>At 1 January 2012</b>		40,059	(258)	42,199	82,000
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)
<b>Total distribution to owners</b>		-	-	(2,404)	(2,404)
<b>At 31 December 2012 / 1 January 2013</b>		40,059	333	50,402	90,794
Foreign currency translation differences for foreign operations		-	974	-	974
Total other comprehensive income for the year		-	974	-	974
Profit for the year		-	-	16,236	16,236
Total comprehensive income for the year		-	974	16,236	17,210
Dividends to owners of the Company	24	-	-	(4,006)	(4,006)
<b>Total distribution to owners</b>		-	-	(4,006)	(4,006)
<b>At 31 December 2013</b>		40,059	1,307	62,632	103,998
<b>Company</b>					
<b>At 1 January 2012</b>		40,059	-	5,831	45,890
Profit and total comprehensive income for the year		-	-	4,711	4,711
Dividends to owners of the Company	24	-	-	(2,404)	(2,404)
<b>At 31 December 2012 / 1 January 2013</b>		40,059	-	8,138	48,197
Profit and total comprehensive income for the year		-	-	7,929	7,929
Dividends to owners of the Company	24	-	-	(4,006)	(4,006)
<b>At 31 December 2013</b>		40,059	-	12,061	52,120

Note 14

The notes on pages 43 to 87 are an integral part of these financial statements.



## Statements of Cash Flows for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		20,096	13,399	9,001	5,421
<i>Adjustments for:</i>					
Amortisation of intangible assets	6	16	12	6	6
Unrealised foreign exchange loss		-	234	-	-
Amortisation of prepaid lease payment		198	198	-	-
Depreciation of property, plant and equipment	3	3,079	2,425	260	195
Dividend received from subsidiaries		-	-	(11,467)	(9,601)
Finance costs	21	3,241	2,734	674	758
Net gain on disposal and write off of property, plant and equipment and assets classified as held for sale	18	(4,031)	(27)	(1,427)	-
Impairment loss on investment in subsidiaries		-	-	-	651
Interest income	20	(295)	(266)	(166)	(281)
Loss on disposal of financial assets		-	1	-	-
Change in fair value of financial assets		(136)	(116)	(118)	(79)
<b>Operating profit/(loss) before changes in working capital</b>		<b>22,168</b>	<b>18,594</b>	<b>(3,237)</b>	<b>(2,930)</b>
Changes in working capital:					
Inventories		(4,596)	5,152	-	-
Trade and other receivables		(6,464)	(7,526)	(310)	499
Payables and accruals		4,239	(177)	169	434
<b>Cash generated from/(used in) operations</b>		<b>15,347</b>	<b>16,043</b>	<b>(3,378)</b>	<b>(1,997)</b>
Tax refunded		229	1,054	16	-
Tax paid		(3,954)	(4,613)	(1,077)	(740)
<b>Net cash generated from/(used in) operating activities</b>		<b>11,622</b>	<b>12,484</b>	<b>(4,439)</b>	<b>(2,737)</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(ii)	(8,046)	(1,486)	(170)	(313)
Acquisition of investment property		-	(659)	-	(659)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	31	-	(4,399)	-	(6,779)
Interest received		295	266	166	281
Dividend received from subsidiaries	17	-	-	11,467	9,601
Proceeds from disposal of property, plant and equipment and assets classified as held for sale		11,177	51	4,930	-
(Advance to)/Repayment from subsidiaries		-	-	(1,156)	1,376
Acquisition of intangible assets		(59)	(16)	(21)	(4)
<b>Net cash generated from/(used in) investing activities</b>		<b>3,367</b>	<b>(6,243)</b>	<b>15,216</b>	<b>3,503</b>

## Statements of Cash Flows for the year ended 31 December 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows from financing activities</b>					
Dividend paid to shareholders of the Company	24	(4,006)	(2,404)	(4,006)	(2,404)
Interest paid		(3,241)	(2,734)	(674)	(758)
(Repayment)/Drawdown of bank borrowings		(4,433)	6,302	(3,277)	595
Repayment of hire purchase liabilities		(1,013)	(994)	(14)	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(12,693)</b>	<b>170</b>	<b>(7,971)</b>	<b>(2,567)</b>
Net increase/(decrease) in cash and cash equivalents		2,296	6,411	2,806	(1,801)
Effect of exchange rate fluctuations on cash held		843	434	-	-
Cash and cash equivalents at 1 January		33,023	26,178	1,780	3,581
<b>Cash and cash equivalents at 31 December</b>	(ii)	<b>36,162</b>	<b>33,023</b>	<b>4,586</b>	<b>1,780</b>

### 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	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	12	30,380	26,845	3,572	1,780
Deposits with licensed banks	12	7,070	7,668	1,014	-
		37,450	34,513	4,586	1,780
Bank overdraft - secured	15	(906)	(415)	-	-
Bank overdraft - unsecured	15	(382)	(1,075)	-	-
		36,162	33,023	4,586	1,780

#### 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 RM17,847,000 (2012: RM2,476,000) and RM361,000 (2012: RM313,000) respectively, of which RM863,000 (2012: RM990,000) and RM191,000 (2012: Nil) were acquired by means of hire purchase plans and RM8,938,000 (2012: Nil) of the Group's were acquired by means of term loans.

The notes on pages 43 to 87 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 2013 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 2013 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 11 April 2014.

### 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 requirements of the Companies Act, 1965 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 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

## Notes to the Financial Statements *(continued)*

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

##### **MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- *Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for IC Interpretation 21 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for MFRS 2 which is not applicable to the Group and the Company.

The initial application of the above accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

##### **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (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 have been applied consistently by Group entities, 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.



## Notes to the Financial Statements *(continued)*

### 2. Significant accounting policies *(continued)*

#### (a) Basis of consolidation *(continued)*

##### (i) *Subsidiaries (continued)*

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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.

For new acquisitions, 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 recognised 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.

##### (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.

## Notes to the Financial Statements *(continued)*

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (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.

#### (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 2012, 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.

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 are 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, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land which in substance is a finance lease held for a currently undetermined future use. 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) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity.

#### (m) Employee benefits

##### (i) 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.

##### (ii) State plans

The Group's contribution to statutory pension funds is charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (n) Provisions

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

#### (o) 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)

#### (p) 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.

#### (q) 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.

#### (r) 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.

#### (s) 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.

#### (t) 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)*

### 2. Significant accounting policies (continued)

#### (u) Fair value measurements

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities.

### 3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Office and factory buildings RM'000	Plant and machinery RM'000	Tools and moulds RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2012	7,841	5,425	23,273	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 sale	-	-	(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/ 1 January 2013	7,841	5,425	21,470	6,151	14,976	11,358	5,271	4,709	77,201
Additions	-	-	11,452	768	1,443	1,196	937	2,051	17,847
Written off	-	-	-	-	(13)	(673)	-	(424)	(1,110)
Disposals	-	-	(1,752)	-	-	(67)	(277)	-	(2,096)
Effect of movements in exchange rates	-	-	90	-	-	81	36	60	267
At 31 December 2013	7,841	5,425	31,260	6,919	16,406	11,895	5,967	6,396	92,109
<b>Accumulated depreciation</b>									
At 1 January 2012	-	701	5,492	4,922	11,407	8,555	2,813	1,453	35,343
Depreciation for the year	-	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

## Notes to the Financial Statements *(continued)*

### 3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Office and factory buildings RM'000	Plant and machinery RM'000	Tools and moulds RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Accumulated depreciation (continued)</b>									
At 31 December 2012/ 1 January 2013	-	778	5,536	5,049	11,916	9,344	3,896	4,093	40,612
Depreciation for the year	-	77	509	156	616	720	614	387	3,079
Written off	-	-	-	-	(13)	(610)	-	(191)	(814)
Disposals	-	-	(212)	-	-	(49)	(277)	-	(538)
Effect of movements in exchange rates	-	-	-	-	-	54	27	55	136
At 31 December 2013	-	855	5,833	5,205	12,519	9,459	4,260	4,344	42,475
<b>Carrying amounts</b>									
At 31 December 2012/ 1 January 2013	7,841	4,647	15,934	1,102	3,060	2,014	1,375	616	36,589
At 31 December 2013	7,841	4,570	25,427	1,714	3,887	2,436	1,707	2,052	49,634

Company	Freehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2012	7,841	753	-	479	9,073
Additions	-	313	-	-	313
At 31 December 2012/1 January 2013	7,841	1,066	-	479	9,386
Additions	-	89	272	-	361
Written off	-	(3)	-	-	(3)
At 31 December 2013	7,841	1,152	272	479	9,744
<b>Accumulated depreciation</b>					
At 1 January 2012	-	366	-	181	547
Depreciation for the year	-	121	-	74	195
At 31 December 2012/1 January 2013	-	487	-	255	742
Depreciation for the year	-	163	23	74	260
Written off	-	(3)	-	-	(3)
At 31 December 2013	-	647	23	329	999
<b>Carrying amounts</b>					
At 31 December 2012/1 January 2013	7,841	579	-	224	8,644
At 31 December 2013	7,841	505	249	150	8,745



## Notes to the Financial Statements *(continued)*

### 3. Property, plant and equipment (continued)

Title deed to the leasehold land with unexpired lease period of more than 50 years of the Group with a carrying amount of RM452,000 (2012: RM460,000) belonging to a subsidiary is in the process of being registered in the name of a subsidiary.

#### 3.1 Security

At 31 December 2013, leasehold land and office buildings of the Group with a carrying amount of RM899,036 and RM17,821,361 (2012: RM921,432 and RM9,895,891) 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 RM3,433,581 (2012: RM3,992,372).

### 4. Prepaid lease payments

<b>Group</b>	<b>RM'000</b>
<b>Leasehold land with unexpired period less than 50 years</b>	
<b>Cost</b>	
At 1 January 2012/31 December 2012/1 January 2013/ 31 December 2013	2,975
<b>Accumulated amortisation</b>	
At 1 January 2012	281
Amortisation for the year	198
At 31 December 2012/1 January 2013	479
Amortisation for the year	198
At 31 December 2013	677
<b>Carrying amounts</b>	
At 31 December 2012/1 January 2013	2,496
At 31 December 2013	2,298

### 5. Investment properties

<b>Group and Company</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
At 1 January	3,090	5,934
Addition	-	659
Assets classified as held for sale	-	(3,503)
At 31 December	3,090	3,090

The fair value of the investment property of the Group and the Company as at 31 December 2013 approximate RM4,150,000 (2012: RM3,090,000).

## Notes to the Financial Statements *(continued)*

### 5. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

<b>Group and Company</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Direct operating expenses:		
- non-income generating investment properties	15	39

#### 5.1 Fair value information

Fair value of investment property is categorised as follows:

<b>Group and Company</b>	<b>2013</b>			<b>Total RM'000</b>
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	
Land and buildings	-	-	4,150	4,150

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

#### Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

#### Level 3 fair value

Level 3 fair value is estimated using inputs unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: The valuation method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size of the lot, legal and legislation constraints, supply and demand.	Not applicable.	Not applicable.



## Notes to the Financial Statements *(continued)*

### 6. Intangible assets

<b>Group</b>	<b>Goodwill RM'000</b>	<b>Patents and trademarks RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 January 2012	1,954	1,213	3,167
Acquisition	1,872	16	1,888
At 31 December 2012/1 January 2013	3,826	1,229	5,055
Acquisition	-	59	59
At 31 December 2013	3,826	1,288	5,114
<b>Accumulated amortisation</b>			
At 1 January 2012	-	1,116	1,116
Amortisation for the year	-	12	12
At 31 December 2012/1 January 2013	-	1,128	1,128
Amortisation for the year	-	16	16
At 31 December 2013	-	1,144	1,144
<b>Carrying amounts</b>			
At 31 December 2012/1 January 2013	3,826	101	3,927
At 31 December 2013	3,826	144	3,970

#### 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 (2012: 0%). 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 4.87% (2012: 5.40%) 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)

<b>Company</b>	<b>Patents and trademarks RM'000</b>
<b>Cost</b>	
At 1 January 2012	1,048
Acquisition	4
	<hr/>
At 31 December 2012/1 January 2013	1,052
Acquisition	21
	<hr/>
At 31 December 2013	1,073
	<hr/>
<b>Accumulated amortisation</b>	
At 1 January 2012	1,005
Amortisation for the year	6
	<hr/>
At 31 December 2012/1 January 2013	1,011
Amortisation for the year	6
	<hr/>
At 31 December 2013	1,017
	<hr/>
<b>Carrying amounts</b>	
At 31 December 2012/1 January 2013	41
At 31 December 2013	56
	<hr/>

### 7. Investments in subsidiaries

<b>Company</b>	<b>At cost RM'000</b>	<b>Impairment loss RM'000</b>	<b>Carrying amount RM'000</b>
<b>Cost</b>			
At 1 January 2012	31,936	(6,767)	25,169
Investment in new subsidiaries	6,779	-	6,779
	<hr/>	<hr/>	<hr/>
At 31 December 2012/1 January 2013/ 31 December 2013	38,715	(6,767)	31,948
	<hr/>	<hr/>	<hr/>



## 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	
			2013	2012
			%	%
Khind Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Khind Customer Service Sdn. Bhd.	Malaysia	Providing general repair and rework services and renting of commercial properties	100	100
Khind-Mistral (Sabah) Sdn. Bhd.*	Malaysia	Renting of properties and motor vehicles	100	100
Khind-Mistral (Borneo) Sdn. Bhd.	Malaysia	Trading in electrical home appliances and wiring accessories	100	100
Khind Components Sdn. Bhd.	Malaysia	Dormant	100	100
Khind-Mistral Industries Sdn. Bhd.	Malaysia	Manufacture and sale of electrical home appliances and wiring accessories	100	100
Khind-Mistral (M) Sdn. Bhd.	Malaysia	Trading in electrical home appliances and wiring accessories	100	100
Khind Alliances Sdn. Bhd.	Malaysia	Trading in electrical home appliances	100	100
Khind Electrical (Malaysia) Sdn. Bhd.	Malaysia	Wholesale and distribution of electrical products	100	100
Khind Technology Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Mayer Marketing (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Mistral (Singapore) Pte. Ltd.*	Singapore	Trading in electrical and home appliances	100	100
Khind Middle East FZE* #	Dubai	Trading in home appliances	100	100
Khind Systems (Singapore) Pte. Ltd.*	Singapore	Manufacture and supply of power distribution, protection solutions	100	100
Khind Electrical & Environmental (Singapore) Pte. Ltd.* ###	Singapore	Dormant	100	100
Khind Electrical (Hong Kong) Limited * ##	Hong Kong	Trading in electrical products and building materials	100	100
Khind Electrical (Guangzhou) Limited * ###	China	Dormant	100	100
Mayer Marketing Pte. Ltd.*	Singapore	Trading in electrical home appliances and household goods	100	100
Mayer Marketing Sdn. Bhd.*####	Brunei	Trading in electrical home appliances and household goods	99.9	99.9
Khind Starfish Foundation^^	Malaysia	Charity activities	-	-

\* 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.

^^ Khind Starfish Foundation is a charitable organisation and is a company limited by guarantee and not having a share capital.

## Notes to the Financial Statements *(continued)*

### 8. Other investments

<b>Group</b>	<b>Total RM'000</b>	<b>Shares quoted in Malaysia RM'000</b>	<b>Trust funds RM'000</b>
<b>2013</b>			
<b>Current</b>			
Financial assets at fair value through profit or loss:			
Held for trading	1,300	233	1,067
Market value of quoted investment	<u>1,300</u>	<u>233</u>	<u>1,067</u>
<b>2012</b>			
<b>Current</b>			
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>
<b>Company</b>			
<b>2013</b>			
<b>Current</b>			
Financial assets at fair value through profit or loss:			
Held for trading	1,067	-	1,067
Market value of quoted investment	<u>1,067</u>	<u>-</u>	<u>1,067</u>
<b>2012</b>			
<b>Current</b>			
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>

### 9. Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Property, plant and equipment	-	-	(2,087)	(3,314)	(2,087)	(3,314)
Provisions	3,951	2,977	-	-	3,951	2,977
Tax loss carry-forwards	297	305	-	-	297	305
Unutilised capital allowances carry-forwards	14	16	-	-	14	16
Others	-	802	(115)	-	(115)	802
Tax assets/(liabilities)	<u>4,262</u>	<u>4,100</u>	<u>(2,202)</u>	<u>(3,314)</u>	<u>2,060</u>	<u>786</u>



## Notes to the Financial Statements *(continued)*

### 9. Deferred tax assets and liabilities (continued)

#### Unrecognised deferred tax assets

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deductible temporary differences	(8,553)	(8,705)	(8,049)	(7,695)
Tax loss carry-forwards	(20,244)	(20,611)	(6,359)	(7,190)
Unutilised capital allowances carry-forwards	(492)	(2,227)	(389)	(636)
	<u>(29,289)</u>	<u>(31,543)</u>	<u>(14,797)</u>	<u>(15,521)</u>
Tax at 25%	<u>7,322</u>	<u>7,886</u>	<u>3,699</u>	<u>3,880</u>

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

#### Movement in temporary differences during the financial year

	At 1.1.2012 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2012/ 1.1.2013 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2013 RM'000
Provisions	2,953	24	2,977	974	3,951
Property, plant and equipment	(3,352)	38	(3,314)	1,227	(2,087)
Tax loss carry-forwards	298	7	305	(8)	297
Unutilised capital allowances carry-forwards	9	7	16	(2)	14
Others	884	(82)	802	(917)	(115)
	<u>792</u>	<u>(6)</u>	<u>786</u>	<u>1,274</u>	<u>2,060</u>

### 10. Trade and other receivables

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Current Trade</b>					
Trade receivables		62,797	53,440	-	-
Less: Allowance for impairment loss		(2,430)	(2,385)	-	-
	10.2	<u>60,367</u>	<u>51,055</u>	-	-
<b>Non-trade</b>					
Amount due from subsidiaries		-	-	17,254	19,095
Less: Allowance for impairment loss		-	-	(4,247)	(4,247)
	10.1	-	-	<u>13,007</u>	<u>14,848</u>
Other receivables		5,723	7,070	25	18
Less: Allowance for impairment loss		(272)	-	-	-
	10.3	<u>5,451</u>	<u>7,070</u>	<u>25</u>	<u>18</u>
Deposits	10.4	2,124	3,202	13	-
Prepayments		1,102	1,253	312	22
		<u>8,677</u>	<u>11,525</u>	<u>350</u>	<u>40</u>
		<u>69,044</u>	<u>62,580</u>	<u>13,357</u>	<u>14,888</u>

## Notes to the Financial Statements *(continued)*

### 10. Trade and other receivables (continued)

#### 10.1 Amount due from subsidiaries

##### Non-trade

Amount due from subsidiaries are in respect of advances and payments made on behalf, which are unsecured, interest bearing at 4% (2012: 4%) and repayable on demand.

#### 10.2 Trade receivables

All trade receivables are subject to normal trade terms. During the year, impairment loss of Nil (2012: RM69,000) was written off against allowance for impairment loss.

#### 10.3 Other receivables

Included in other receivables is an amount of RM4,640,076 (2012: RM6,614,483) being advances paid for the purchases of inventories.

#### 10.4 Deposits

Included in the deposits is RM960,000 (2012: RM960,000) paid for the purchase of a land and building. The completion of the purchase is pending completion of condition precedents spelt out in the sale and purchase agreement.

### 11. Inventories

Group	2013 RM'000	2012 RM'000
Raw materials	5,894	4,923
Work-in-progress	1,164	877
Manufactured inventories	54,657	51,319
	61,715	57,119

The write-down of inventories and reversal of write-down of inventories to net realisable value amounted to RM1,513,000 and RM576,000 (2012: RM261,000 and RM2,000) respectively. The write-down and reversal are included in cost of sales.

### 12. Cash and bank balances

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits placed with licensed banks	7,070	7,668	1,014	-
Cash and bank balances	30,380	26,845	3,572	1,780
	37,450	34,513	4,586	1,780



## Notes to the Financial Statements *(continued)*

### 13. Assets classified as held for sale

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Non-current assets</b>					
Property	13.1	-	1,789	-	-
Investment property	13.1	-	3,503	-	3,503
		-	5,292	-	3,503

#### 13.1 Property and investment property

In prior year, property and investment property held for sale comprise the following:

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

### 14. Share capital and reserves

#### Share capital

	Amount 2013 RM'000	Number of shares 2013 '000	Amount 2012 RM'000	Number of shares 2012 '000
Authorised:				
Ordinary shares of RM1 each	50,000	50,000	50,000	50,000
Issued and fully paid:				
Ordinary shares of RM1 each	40,059	40,059	40,059	40,059

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

#### Translation reserve

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

#### Section 108 tax credit

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. The remaining Section 108 tax credit has expired as at 31 December 2013.

## Notes to the Financial Statements *(continued)*

### 15. Loans and borrowings

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Non-current</b>					
Secured term loans		22,346	20,417	8,269	11,725
Hire purchase liabilities	15.1	1,031	1,222	142	-
		<u>23,377</u>	<u>21,639</u>	<u>8,411</u>	<u>11,725</u>
<b>Current</b>					
Secured term loans		1,150	1,120	315	136
Secured bank overdrafts		906	415	-	-
Unsecured bank overdrafts		382	1,075	-	-
Unsecured bankers' acceptances		44,206	41,661	-	-
Hire purchase liabilities	15.1	837	795	35	-
		<u>47,481</u>	<u>45,066</u>	<u>350</u>	<u>136</u>
		<u>70,858</u>	<u>66,705</u>	<u>8,761</u>	<u>11,861</u>

#### **Security**

The secured term loans are:

- i) secured by way of fixed charges over the Group's leasehold land and office buildings (refer Note 3); and
- ii) 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 subsidiaries and guaranteed by the Company.

#### **Significant covenants for the term loans**

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

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



## Notes to the Financial Statements *(continued)*

### 15. Loans and borrowings (continued)

#### 15.1 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Minimum lease payments 2013 RM'000	Interest 2013 RM'000	Present value of minimum lease payments 2013 RM'000	Minimum lease payments 2012 RM'000	Interest 2012 RM'000	Present value of minimum lease payments 2012 RM'000
Less than one year	923	86	837	893	98	795
Between one and five years	1,091	60	1,031	1,320	98	1,222
	<u>2,014</u>	<u>146</u>	<u>1,868</u>	<u>2,213</u>	<u>196</u>	<u>2,017</u>

### 16. Trade and other payables

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Trade</b>					
Trade payables		19,385	22,221	-	-
<b>Non-trade</b>					
Amount due to subsidiaries	16.1	-	-	819	3,816
Other payables		19,103	15,350	1,743	1,428
Accrued expenses		15,110	11,788	8	154
		<u>34,213</u>	<u>27,138</u>	<u>2,570</u>	<u>5,398</u>
		<u>53,598</u>	<u>49,359</u>	<u>2,570</u>	<u>5,398</u>

#### 16.1 Amount due to subsidiaries

Amount due to subsidiaries are mainly in respect of advances, which are unsecured, interest bearing at 4% (2012: 4%) and repayable on demand.

### 17. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales	325,035	288,591	-	-
Management fees	-	-	5,516	5,241
Dividends	-	-	11,467	9,601
	<u>325,035</u>	<u>288,591</u>	<u>16,983</u>	<u>14,842</u>

## Notes to the Financial Statements *(continued)*

### 18. Results from operating activities

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Results from operating activities</b>					
<b>is arrived at after charging:</b>					
Amortisation on:					
- Intangible assets	6	16	12	6	6
- Prepaid lease payments	4	198	198	-	-
Auditors' remuneration:					
- Audit fees					
KPMG Malaysia		170	160	26	25
Other auditors		110	102	-	-
- Non-audit fees					
KPMG Malaysia		12	57	12	57
Depreciation on property, plant and equipment	3	3,079	2,425	260	195
Loss on property, plant and equipment written off		296	3	-	-
Impairment loss on:					
- Investment in subsidiaries		-	-	-	652
- Trade and other receivables	27.3	267	75	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		4,789	4,385	644	574
- Wages, salaries and others		46,470	36,628	5,534	4,850
Rental of premises		4,919	4,943	96	96
Foreign exchange loss:					
- Realised		450	214	-	23
- Unrealised		-	243	-	-
Inventories written off		383	-	-	-
Write-down of inventories	11	1,513	261	-	-
<b>and after crediting:</b>					
Dividend income from subsidiaries (unquoted)					
		-	-	11,467	9,601
Impairment loss for receivables written off	27.3	222	20	-	-
Foreign exchange gain:					
- Realised		764	1,370	12	-
- Unrealised		-	9	-	-
Inter-company management fees		-	-	5,516	5,241
Rental income of premises		265	90	129	90
Net gain arising on financial assets					
- Other investments	27.1	136	116	118	79
Gain on disposal of property, plant and equipment and assets classified as held for sale		4,327	30	1,427	-
Reversal of impairment loss for trade receivables	27.3	-	153	-	-
Reversal of write-down of inventories		576	2	-	-



## Notes to the Financial Statements *(continued)*

### 19. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors:				
- Remuneration	4,614	4,207	1,797	1,650
- Fees	180	202	180	202
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	729	739	376	420
	<u>5,523</u>	<u>5,148</u>	<u>2,353</u>	<u>2,272</u>

### 20. Interest income

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits place with licensed banks	295	266	66	38
- loans to subsidiaries	-	-	100	243
	<u>295</u>	<u>266</u>	<u>166</u>	<u>281</u>

### 21. Finance costs

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	1,091	1,002	599	545
- bank overdrafts	80	62	-	-
- inter-company advances	-	-	71	213
- other borrowings	2,070	1,670	4	-
	<u>3,241</u>	<u>2,734</u>	<u>674</u>	<u>758</u>

## Notes to the Financial Statements *(continued)*

### 22. Tax expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Recognised in the profit or loss</b>				
<b>Current tax expense</b>				
Malaysian - current year	4,777	3,050	1,085	737
- prior year	169	(490)	(13)	(27)
Overseas - current year	176	146	-	-
- prior year	12	80	-	-
	<u>5,134</u>	<u>2,786</u>	<u>1,072</u>	<u>710</u>
<b>Deferred tax expense</b>				
Reversal of temporary differences	(890)	(264)	-	-
Over provision in prior year	(384)	270	-	-
	<u>(1,274)</u>	<u>6</u>	<u>-</u>	<u>-</u>
	<u>3,860</u>	<u>2,792</u>	<u>1,072</u>	<u>710</u>
<b>Reconciliation of tax expense</b>				
Profit before tax	<u>20,096</u>	<u>13,399</u>	<u>9,001</u>	<u>5,421</u>
Tax at Malaysian tax rate of 25%*	5,024	3,349	2,250	1,355
Temporary difference not recognised, net change	(544)	409	382	711
Effect of tax rates in foreign jurisdictions	(987)	(711)	-	-
Non-deductible expenses	3,377	2,890	245	334
Tax exempt income	(2,807)	(3,005)	(1,792)	(1,663)
	<u>4,063</u>	<u>2,932</u>	<u>1,085</u>	<u>737</u>
Over provision in prior year	(203)	(140)	(13)	(27)
	<u>3,860</u>	<u>2,792</u>	<u>1,072</u>	<u>710</u>

\* In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% for the year of assessment 2016 ("YA 2016") onwards. Consequently, any temporary differences expected to be reversed in YA 2016 onwards are measured using this rate.

### 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 RM16,236,000 (2012: RM10,607,000) and the weighted average number of ordinary shares outstanding during the year of 40,059,000 (2012: 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
<b>2013</b>			
Interim 2013 ordinary Tax exempt	10.00	<u>4.006</u>	30 September 2013
<b>2012</b>			
Interim 2012 ordinary Tax exempt	6.00	<u>2.404</u>	31 October 2012

### 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 assets 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 assets is used to measure the return of assets of each segment.

#### Segment liabilities

The total of segment liabilities 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Revenue</b>										
External revenue										
- Malaysia	-	-	173,270	157,664	15,077	6,664	-	-	188,347	164,328
- Outside Malaysia	-	-	122,999	110,859	13,689	13,404	-	-	136,688	124,263
Total external revenue	-	-	296,269	268,523	28,766	20,068	-	-	325,035	288,591
Inter-segment revenue	16,983	14,842	6,918	5,915	68,990	56,369	(92,891)	(77,126)	-	-
Total segment revenue	16,983	14,842	303,187	274,438	97,756	76,437	(92,891)	(77,126)	325,035	288,591
Segment profit	9,509	5,898	17,857	12,956	8,568	5,502	(12,892)	(8,489)	23,042	15,867
Finance cost									(3,241)	(2,734)
Interest income									295	266
Profit before tax									20,096	13,399
Tax expense									(3,860)	(2,792)
Profit for the year									16,236	10,607
<b>Assets</b>										
Segment assets	17,894	18,048	171,389	150,884	39,219	37,838	-	-	228,502	206,770
Unallocated assets									3,841	2,486
Total assets									232,343	209,256
<b>Liabilities</b>										
Segment liabilities	10,512	13,442	85,847	77,037	28,097	25,585	-	-	124,456	116,064
Unallocated liabilities									3,889	2,397
Total liabilities									128,345	118,461
<b>Capital expenditure</b>										
Capital expenditure	361	313	14,457	5,160	3,029	1,445	-	-	17,847	6,918
Depreciation and amortisation	266	206	1,637	5,541	1,372	1,255	-	(12)	3,275	6,990



## Notes to the Financial Statements *(continued)*

### 26. Capital and other commitments

<b>Group and Company</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
<b>Land and building</b>		
Contracted but not provided for	3,840	3,840

### 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").

	<b>Note</b>	<b>Carrying amount RM'000</b>	<b>L&amp;R/ (OL) RM'000</b>	<b>FVTPL RM'000</b>
<b>2013</b>				
<b>Group</b>				
<b>Financial assets</b>				
Other investments	8	1,300	-	1,300
Trade and other receivables		67,942	67,942	-
Cash and bank balances	12	37,450	37,450	-
		<u>106,692</u>	<u>105,392</u>	<u>1,300</u>
<b>Financial liabilities</b>				
Loans and borrowings	15	(70,858)	(70,858)	-
Trade and other payables	16	(53,598)	(53,598)	-
		<u>(124,456)</u>	<u>(124,456)</u>	<u>-</u>
<b>2013</b>				
<b>Company</b>				
<b>Financial assets</b>				
Other investments	8	1,067	-	1,067
Trade and other receivables		13,045	13,045	1,067
Cash and bank balances	12	4,586	4,586	-
		<u>18,698</u>	<u>17,631</u>	<u>1,067</u>
<b>Financial liabilities</b>				
Loans and borrowings	15	(8,761)	(8,761)	-
Trade and other payables	16	(2,570)	(2,570)	-
		<u>(11,331)</u>	<u>(11,331)</u>	<u>-</u>

## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 27.1 Categories of financial instruments (continued)

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

Net gains and losses arising from financial instruments:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains arising on:				
Fair value through profit or loss:				
- Held for trading	136	116	118	79
Loans and receivables	295	266	166	281
Financial liabilities measured at amortised cost				
	<u>(3,241)</u>	<u>(2,734)</u>	<u>(674)</u>	<u>(758)</u>
	<u>(2,810)</u>	<u>(2,352)</u>	<u>(390)</u>	<u>(398)</u>



## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 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.

##### 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Domestic	42,915	36,913	13,357	14,888
Asia	18,904	19,860	-	-
Middle-East	2,260	705	-	-
Europe & USA	1,256	1,030	-	-
Others	3,709	4,072	-	-
	<u>69,044</u>	<u>62,580</u>	<u>13,357</u>	<u>14,888</u>

## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 27.3 Credit risk (continued)

##### Receivables (continued)

##### *Impairment losses*

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

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2013</b>			
Not past due	38,137	-	38,137
Past due 0 - 30 days	9,188	-	9,188
Past due 31 - 120 days	8,777	-	8,777
Past due more than 120 days	6,695	(2,430)	4,265
	62,797	(2,430)	60,367
<b>2012</b>			
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
	53,440	(2,385)	51,055

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

Group	2013 RM'000	2012 RM'000
At 1 January	2,385	1,711
Acquisition of subsidiaries	-	772
Impairment loss recognised	267	75
Impairment loss reversed	-	(153)
Impairment loss written off	(222)	(20)
	2,430	2,385

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.



## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 27.3 Credit risk (continued)

##### *Exposure to credit risk and credit quality (continued)*

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.

##### *Exposure to credit risk and credit quality*

The maximum exposure to credit risk amounts to RM142,496,000 (2012: RM127,180,000) 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
<b>2013</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	23,496	1.68%-7.78%	32,089	2,004	2,004	5,911	22,170
Hire purchase liabilities	1,868	2.38%-6.56%	2,014	530	962	522	-
Unsecured bankers' acceptances	44,206	1.49%-5.75%	45,056	45,056	-	-	-
Secured bank overdraft	906	7.28%	906	906	-	-	-
Unsecured bank overdraft	382	7.28%	382	382	-	-	-
Trade and other payables	53,598	-	53,598	53,598	-	-	-
	<u>124,456</u>		<u>134,045</u>	<u>102,476</u>	<u>2,966</u>	<u>6,433</u>	<u>22,170</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	8,584	4.53%-5.03%	12,815	711	711	2,133	9,260
Hire purchase liabilities	177	2.38%	196	43	43	110	-
Loans from subsidiaries	819	4.00%	819	819	-	-	-
	<u>9,580</u>		<u>13,830</u>	<u>1,573</u>	<u>754</u>	<u>2,243</u>	<u>9,260</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
<b>2012</b>							
<b>Group</b>							
<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>
<b>Company</b>							
<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	4.00%	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>

#### 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.

## Notes to the Financial Statements *(continued)*

### 27. Financial instruments *(continued)*

#### 27.5 Market risk *(continued)*

##### 27.5.1 Currency risk *(continued)*

###### *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
<b>2013</b>			
Trade receivables	5,102	12,720	2,092
Secured bank loans	-	(8,591)	-
Trade payables	(4,887)	(1,710)	(1,523)
<b>Net exposure</b>	<b>215</b>	<b>2,419</b>	<b>569</b>
<b>2012</b>			
Trade receivables	5,061	12,545	1,437
Secured bank loans	-	(2,842)	-
Trade payables	(4,048)	(5,435)	(1,283)
<b>Net exposure</b>	<b>1,013</b>	<b>4,268</b>	<b>154</b>

###### *Currency risk sensitivity analysis*

A 10% (2012: 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	
	2013 RM'000	2012 RM'000
USD	(16)	(76)
SGD	(181)	(320)
Others	(43)	(12)

A 10% (2012: 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 utilises short term borrowings for working capital purposes and borrows term loans to finance capital expenditure. In view of the low interest rate scenario, exposure to fluctuation of interest rate risk is minimised.



## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 27.5 Market risk (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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Fixed rate instruments</b>				
Financial assets	7,070	7,668	1,014	-
Financial liabilities	1,868	2,017	177	-
	<u>8,938</u>	<u>9,685</u>	<u>1,191</u>	<u>-</u>
<b>Floating rate instruments</b>				
Financial liabilities	68,990	64,688	8,584	11,861

###### *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 table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>2013 Group</b>										
<b>Financial assets</b>										
Investment in trust fund	-	1,067	-	1,067	-	-	-	-	1,067	1,067
Investment in quoted shares	233	-	-	233	-	-	-	-	233	233
	<u>233</u>	<u>1,067</u>	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>1,300</u>
<b>Financial liabilities</b>										
Hire purchase liabilities	-	-	-	-	-	-	2,014	2,014	2,014	1,868
Secured term loans	-	-	-	-	-	-	23,496	23,496	23,496	23,496
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,510</u>	<u>25,510</u>	<u>25,510</u>	<u>25,364</u>
<b>Company</b>										
<b>Financial assets</b>										
Investment in trust fund	-	1,067	-	1,067	-	-	-	-	1,067	1,067
<b>Financial liabilities</b>										
Hire purchase liabilities	-	-	-	-	-	-	196	196	196	177
Secured term loans	-	-	-	-	-	-	8,584	8,584	8,584	8,584
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,780</u>	<u>8,780</u>	<u>8,780</u>	<u>8,761</u>



## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 27.6 Fair value of financial instruments (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value*	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000		
<b>2012</b>							
<b>Group</b>							
<b>Financial assets</b>							
Investment in trust fund	-	949	-	949	-	949	949
Investment in trust quoted shares	215	-	-	215	-	215	215
	<u>215</u>	<u>949</u>	<u>-</u>	<u>1,164</u>	<u>-</u>	<u>1,164</u>	<u>1,164</u>
<b>Financial liabilities</b>							
Hire purchase liabilities	-	-	-	-	2,213	2,213	2,017
Secured term loans	-	-	-	-	21,537	21,537	21,537
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,750</u>	<u>23,750</u>	<u>23,554</u>
<b>Company</b>							
<b>Financial assets</b>							
Investment in trust fund	-	949	-	949	-	949	949
<b>Financial liabilities</b>							
Secured term loans	-	-	-	-	11,861	11,861	11,861

\* Comparative figures have not been analysed by levels by virtue of transitional provisions given in Appendix C2 of MFRS 13.

## Notes to the Financial Statements *(continued)*

### 27. Financial instruments (continued)

#### 27.7 Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

##### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

##### *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. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2012: no transfer in either directions).

##### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

##### *Financial instruments not carried at fair value*

<b>Type</b>	<b>Valuation Technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value</b>
Hire purchase liabilities	Discounted cash flows	Not applicable	Not applicable
Secured term loans	Discounted cash flows	Not applicable	Not applicable

### 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 2013 were as follows:

	Note	Group	
		2013 RM'000	2012 RM'000
Total borrowings	15	70,858	66,705
Less: Cash and bank balances	12	(37,450)	(34,513)
Net debt		33,408	32,192
Total equity		103,998	90,794
Debt-to-equity ratios		0.32	0.35

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	2013 RM'000	2012 RM'000
<b><i>Guarantee - unsecured</i></b>		
Guarantees and contingencies relating to borrowings of subsidiaries	142,496	127,180

### 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.

Related parties also include key management personnel who 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 include 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 the year ended 31 December	balance outstanding at 31 December	loss on doubtful receivables at 31 December	outstanding at 31 December	receivables recognised for the year ended 31 December
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2013</b>					
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.	-	14	(14)	-	-
<b>2012</b>					
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)	-	-

Company	2013 RM'000	2012 RM'000
Subsidiaries		
- Management fees	(5,516)	(5,241)
- Rental expense	96	96
- Interest income	(100)	(243)
- Interest expense	71	213

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

### 31. Acquisitions of subsidiaries

Acquisitions of subsidiaries in year 2012

In prior year, 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
<b>Fair value of consideration transferred</b>		
Cash and cash equivalents		6,779
<b>Identifiable assets acquired and liabilities assumed</b>		
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)
Borrowings		(9,097)
Total identifiable net assets		4,907
<b>Net cash arising from acquisition of subsidiaries</b>		
Purchase consideration settled in cash and cash equivalents		(6,779)
Cash and cash equivalents acquired		2,380
		(4,399)
<b>Goodwill was recognised as a result of acquisition of subsidiaries</b>		
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 profit or loss and other comprehensive income.

## Notes to the Financial Statements *(continued)*

### 32. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	60,867	47,678	11,975	8,138
- unrealised	904	(655)	86	-
	<u>61,771</u>	<u>47,023</u>	<u>12,061</u>	<u>8,138</u>
Less: Consolidation adjustments	861	3,379	-	-
	<u>62,632</u>	<u>50,402</u>	<u>12,061</u>	<u>8,138</u>

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 38 to 87 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 of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 on page 88 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: 11 April 2014

## 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 38 to 87 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	)	<b>CHENG PING KEAT</b>
CHENG PING KEAT	)	
in Kuala Lumpur on 11 April 2014	)	

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 2013 of the Group and of the Company, and the statements of profit or loss and other 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 38 to 87.

#### *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 is 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 2013 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 32 on page 88 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: 2880/04/15(J)  
Chartered Accountant

Petaling Jaya, Malaysia

Date: 11 April 2014

## Statistics on Shareholdings as at 31 March 2014

### SUBSTANTIAL SHAREHOLDERS - Based on the Register of Substantial Shareholders as at 31 March 2014

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 Cheng Ping Keat	2,725,720	6.80	15,708,837*	39.21
3 Federlite Holdings Sdn. Bhd. (296526-H)	2,692,600	6.72	-	-
4 Koh Guat Kuan	2,165,199	5.41	-	-
5 Great Partner Industries Limited	-	-	15,708,837 <sup>@</sup>	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 31 March 2014

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 : One vote per Ordinary Share  
 No. of Shareholders : 1,106

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued capital
Less than 100	172	15.55	6,229	0.02
100 - 1,000	140	12.66	92,241	0.23
1,001 - 10,000	666	60.22	2,251,881	5.62
10,001 - 100,000	106	9.58	2,711,054	6.77
100,001 to < 5% of issued shares	18	1.63	11,705,239	29.22
5% and above of issued shares	4	0.36	23,292,356	58.14
<b>TOTAL</b>	<b>1,106</b>	<b>100.00</b>	<b>40,059,000</b>	<b>100.00</b>



## Statistics on Shareholdings as at 31 March 2014

### THIRTY LARGEST SHAREHOLDERS - per Register of Depositors as at 31 March 2014

Names of Shareholders	No. of Shares held	% of Issued capital
1 Kee Hin Ventures Sdn. Bhd. (429373-U)	15,371,967	38.37
2 Cheng Ping Keat	2,725,720	6.80
3 Federlite Holdings Sdn. Bhd. (296526-H)	2,692,600	6.72
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	3.90
7 BI Nominees (Tempatan) Sdn. Bhd. (176122-V) (Md. Azmi bin Lop Yusof)	1,469,935	3.67
8 Cheng Hup	1,191,869	2.98
9 Airex Industries Sdn. Bhd. (455346-A)	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. (102918-T) [Pledged securities account - Ambank (M) Berhad for Lee Ah Lan @ Lee Keok Hooi (SMART)]	460,000	1.15
13 Lim Ah Dek	445,600	1.11
14 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad. (66878-U) [Deutsche Trustees Malaysia Berhad for Hong Leong Consumer Products Sector Fund]	440,000	1.10
15 ABB Nominee (Tempatan) Sdn. Bhd. (37645-P) (Pledged securities account for Yayasan Terengganu)	400,000	1.00
16 Koh Eng Thye	379,367	0.95
17 Kee Hin Ventures Sdn. Bhd. (429373-U)	336,870	0.84
18 Yayasan Kelantan Darulnaim (KELENTBIL980)	245,000	0.61
19 Public Nominees (Tempatan) Sdn. Bhd. (6464-T) [Pledged securities account for Lim Hock Fatt]	210,000	0.52
20 RHB Capital Nominees (Tempatan) Sdn. Bhd. (24915-H) [Pledged securities account for Fong Siling (CEB)]	200,000	0.50
21 Soh Chak Boo	155,500	0.39
22 Cheing Boon Ngoun @ Chean Puan In	150,367	0.38
23 Lim Peng Huat	120,000	0.30
24 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad. (66878-U) [Hong Leong Asset Management Berhad for Ritz Crest Sdn. Bhd.]	97,300	0.24
25 Heng Sin Tok	88,333	0.22
26 Perbadanan Kemajuan Negeri Kedah (ECT 51965)	88,200	0.22
27 Khind Industries Sdn. Bhd. (173304-D)	86,500	0.22
28 Cheng Kin Yet	73,333	0.18
29 Public Nominees (Tempatan) Sdn. Bhd. (6464-T) [Pledged securities account for Ooi Kin Chong @ Ooi Kin Chong (E-SPI/ASR)]	68,900	0.17
30 HLIB Nominees (Tempatan) Sdn. Bhd. (270268-W) [Pledged Securities Account for Lim Yee Khei]	68,100	0.17
	35,558,261	88.76

## Directors' Shareholdings as at 31 March 2014

Pursuant to Section 134(12)(c) of the Companies Act, 1965, 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	1,894,601	4.73	-	-	1,304,124 <sup>#</sup>	3.26
2. Cheng Ping Keat	2,725,720	6.80	15,708,837 <sup>*</sup>	39.21	2,165,199 <sup>^</sup>	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:**

- <sup>#</sup> Deemed interest by virtue of his spouse and children's direct shareholdings.
- <sup>\*</sup> Indirect interest by virtue of his shareholdings in Kee Hin Ventures Sdn. Bhd.
- <sup>^</sup> Deemed interest by virtue of his spouse's direct shareholdings.

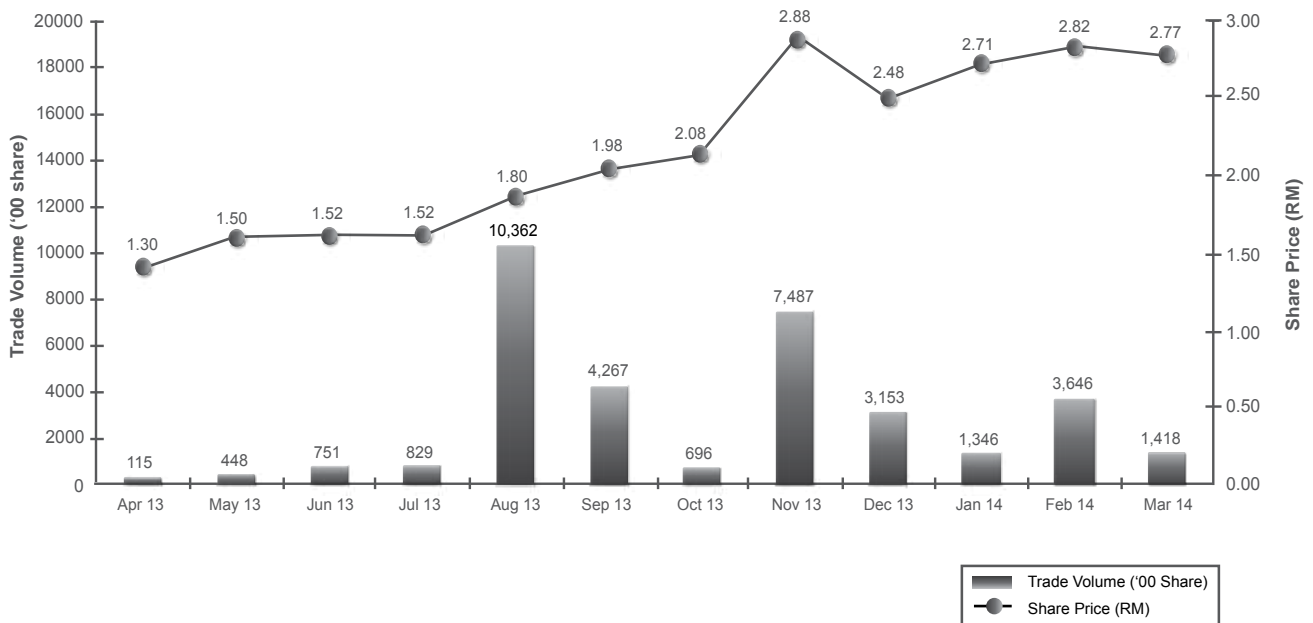


## List of Properties Held by the Group as at 31 December 2013

Location/Address	Built-up (sq.feet)	Tenure	Existing use of properties	Date of acquisition/ completion	Approx. age	Net Book Value @ 31.12.2013 (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 years	2,683
				(Building)	15- 22 years	6,596
Lot 8243-8245, No. 15-17 Lee Chong Lin Industrial Estate Jalan Pending 93450 Kuching, Sarawak	7,084	Leasehold 60 years expiring on 2045	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn. Bhd.	(Lot 8243) 31.03.1993 (Lot 8245) 19.08.1995	20 years  18 years	536
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	9 years	721
Lot Pt 2531 held under HS (D) 1854 Pekan Bagan Nakhoda Omar District of Sabak Bernam Selangor	832,911	Leasehold 60 years expiring on 2064	Industrial land presently planted with oil palm	18.11.2008	5 years	452
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	13 years	1,510
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	14 years	421
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	14 years	3,309
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	13 years	1,989
Lot 745, Block 16 Kuching Central Land District	59,125	Leasehold expiring on 2025	Vacant Land	08.04.2010	4 years	2,297
Flat No:G11 & G12 Discovery Garden, MOGUL 226 Dubai, UAE	2,002	Freehold	Apartments for staff accommodations	12.05.2010	4 years	611
I-Parc, Lot 29, Seksyen U8 Bukit Jelutong, 40150 Shah Alam	5,339	Freehold	Vacant Building	15.01.2010	4 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	4 years	7,841
71 Ubi Crescent #06-01, #06-02, #06-03, #06-04 Excalibur Centre Singapore 408571	9,784	Freehold 60 years expiring on 2057	Office, service centre and showroom for Mistral (Singapore) Pte. Ltd. and Mayer Marketing Pte. Ltd.	30.01.2013	1 year	11,170

## Investors' Information

### MONTHLY SHARE PRICE AND TRADE VOLUME



### PER SHARE INFORMATION

	As at 31 December					
	2013	2012	2011	2010	2009	2008
Earning per share (sen)	40.53	26.48	19.64	20.76	20.12	19.12
Gross Dividend per share (sen)	10.00	6.00	7.00	9.00	10.00	5.00
Net Dividend per share (sen)	10.00	6.00	7.00	7.25	10.00	3.70
Dividend Pay Out Ratio (%)	24.67	22.66	35.64	34.92	49.70	19.35
Dividend Yield (%)	3.61	4.51	5.38	5.70	9.52	7.14
Net Assets per share (RM)	2.60	2.27	2.05	1.91	1.79	1.69

### SHARE CAPITAL INFORMATION

Price at 31-03-2014	: RM2.77
Market Capitalization at 31-03-2014	: RM110.96 million
Share prices	: Highest RM3.23 on 21-2-2014
	: Lowest RM1.30 on 19-4-2013
Trade Volume	: Highest 10,362
	: 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@khind.com](mailto:enquiry@khind.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  
[km.enquiry@khind.com](mailto:km.enquiry@khind.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.ipoh@khind.com](mailto:kmm.ipoh@khind.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](mailto: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@khind.com](mailto:kmm.mko@khind.com)

##### **Pahang**

No. A63, Lorong Setali 2, Air Putih, 25300 Kuantan, Pahang  
Tel: 609-568 9711 Fax: 609-568 9712  
[kmm.kto@khind.com](mailto:kmm.kto@khind.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@khind.com](mailto:kmm.jbo@khind.com)

##### **Kelantan**

Lot 2637, Jalan Sultan Yahya Petra,  
Kampung Lundang, 15150 Kota Bahru, Kelantan  
Tel: 609-744 8900 Fax: 609-744 5900  
[kmm.kbo@khind.com](mailto:kmm.kbo@khind.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.enquiry@khind.com](mailto:kmi.enquiry@khind.com)

##### **Khind Alliances Sdn Bhd (811092-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@khind.com](mailto:kas.inquiry@khind.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@khind.com](mailto:kemy.enquiry@khind.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  
[kmb.equiry@khind.com](mailto:kmb.equiry@khind.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  
[kmb.equiry@khind.com](mailto:kmb.equiry@khind.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  
[kmb.equiry@khind.com](mailto:kmb.equiry@khind.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  
[kmb.equiry@khind.com](mailto:kmb.equiry@khind.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  
[kme.equiry@khind.com](mailto:kme.equiry@khind.com)

#### **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@khind.com](mailto:kesg.sales@khind.com)  
[kssg.sales@khind.com](mailto:kssg.sales@khind.com)

#### **Khind Electrical (Hong Kong) Limited (79949)**

Unit D, 5/F, World Tech Centre, No. 95, How Ming Street, Kwun Tong, Kowloon, Hong Kong  
Tel: 00-852-2833 6966 Fax: 00-852-2838 0724  
[kehk.sales@khind.com](mailto:kehk.sales@khind.com)

#### **Mistral (Singapore) Pte Ltd (200106472-H)**

71 Ubi Crescent, #06-01, Excalibur Centre, Singapore, 408571  
Tel: 65-6346 5233  
65-6346 5122 Fax: 65-6346 5560  
[enquiry@mistral.com.sg](mailto:enquiry@mistral.com.sg)

#### **Mayer Marketing Pte Ltd (198701251D)**

71 Ubi Crescent, #06-01, Excalibur Centre, Singapore, 408571  
Tel: 65-6542 8383  
65-6542 6868 Fax: 65-6543 5152  
[customerservice@mayer.com.sg](mailto:customerservice@mayer.com.sg)

#### **Mayer Marketing Sdn Bhd (AGO-RC-4836)**

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

#### **Mayer Marketing Sdn Bhd (AGO-RC-4836)**

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

### QUALITY ASSURANCE UNIT

#### **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](mailto:fskhind@163.com)



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth 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 Monday, 26 May 2014 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 2013 and the Reports of the Directors and Auditors thereon.
2. To re-elect Wong Chin Mun who retires by rotation pursuant to the Company's Articles of Association 100. (Resolution 1)
3. To approve the Directors' Fees of RM216,000 for financial year ending 31 December 2014. (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)**

**WONG WAI FOONG (MAICSA 7001358)**

Kuala Lumpur

30 April 2014

### 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 Company's Share Registrar at Level 17, 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 Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 19 May 2014. 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:

Wong Chin Mun is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at this Eighteenth Annual General Meeting. The Board has conducted an assessment on the independence of Wong Chin Mun 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)*

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 2013 and will lapse at the conclusion of the Eighteenth 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 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 EIGHTEENTH (18TH) 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 11.

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**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 Eighteenth 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 Monday, 26 May 2014 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1.	Re-election of Wong Chin Mun		
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 \_\_\_\_\_ 2014

\_\_\_\_\_  
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 at 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 Company's Share Registrar at Level 17, 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 Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 19 May 2014. 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 Share Registrar  
**Khind Holdings Berhad**  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan

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