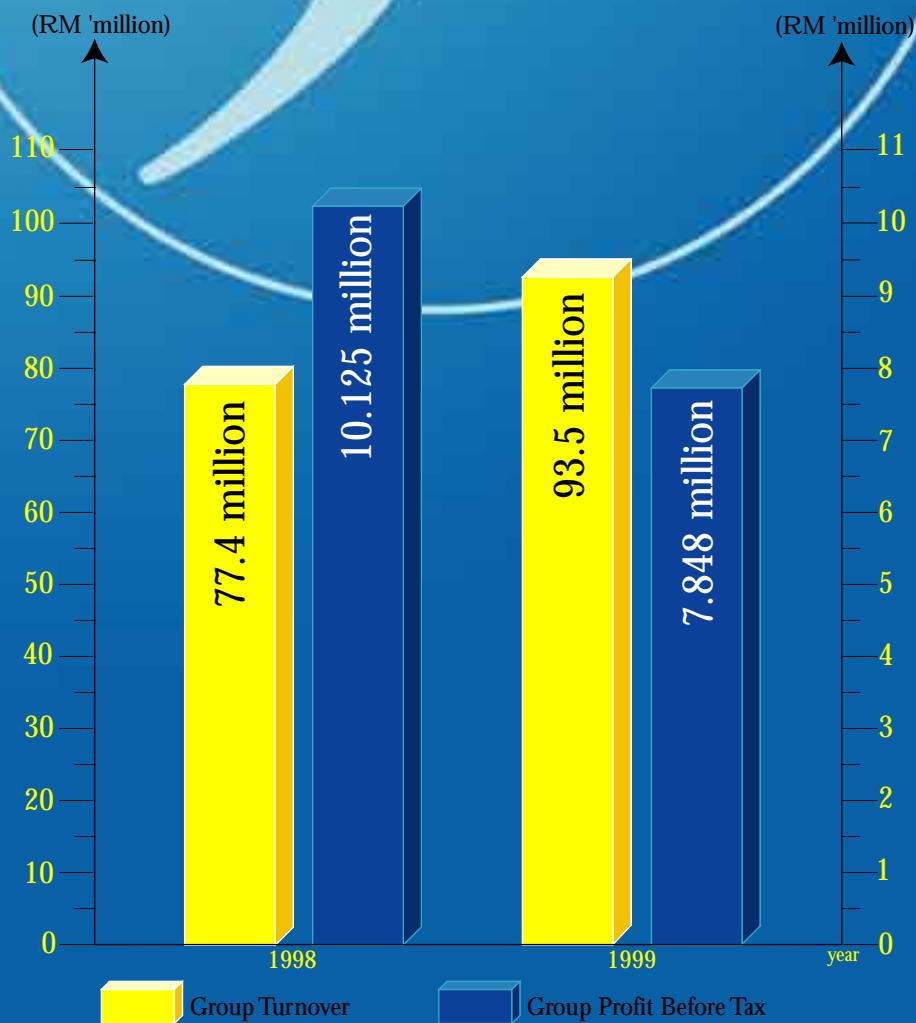


financial statements

laporan tahunan 1999 annual report

Directors' Report	17
Statement By Directors	21
Statutory Declaration	21
Report of the Auditors to the Members	22
Consolidated Balance Sheet	23
Consolidated Profit and Loss Account	24
Balance Sheet	25
Profit and Loss Account	26
Consolidated Cash Flows	27
Notes to the Accounts	29



directors' report

for the year ended 31 December 1999

The directors have pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the course of the financial year remained unchanged and consists of investment holding.

The principal activities of the subsidiary companies are set out in Note 4 to the accounts. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit before taxation	7,848,340	2,777,412
Taxation	(230,339)	-
Profit after taxation	7,618,001	2,777,412
Unappropriated profit brought forward	4,577,576	424,446
Profit attributable to shareholders of the Company	12,195,577	3,201,858
Appropriation:		
Dividend	(2,100,000)	(2,100,000)
Unappropriated profits carried forward	10,095,577	1,101,858

DIVIDEND

An interim tax exempt dividend of 7% amounted to RM2,100,000 in respect of the year ended 31 December 1999 was paid on 29 October 1999.

The directors do not recommend the payment of a final dividend for the year ended 31 December 1999.

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY

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

Cheng King Fa
Dato' Cheng Hup
Cheng Ping Keat
Cheng Ping Loke
Nordin Bin Mohamad Desa
Tan Lay Kuan @ Tan Lay Wah
Md Azmi Bin Lop Yusof
Then Nyong Fah
Lee Ah Lan @ Lee Keok Hooi

In accordance with Article 104 of the Company's Articles of Association, Cheng Ping Loke, Then Nyong Fah and Md Azmi Bin Lop Yusof retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.



directors' report

for the year ended 31 December 1999

DIRECTORS' INTERESTS

The directors who held office at the end of the financial year and having interests in the shares of the Company are as follows:-

Name	Number of Ordinary Shares of RM1 each			
	Balance at 1.1.1999	Bought	Sold	Balance at 31.12.1999
Shareholdings registered in the name of directors:				
Cheng King Fa	169,313	-	-	169,313
Dato' Cheng Hup	8,004	-	-	8,004
Cheng Ping Loke	10,000	-	-	10,000
Nordin Bin Mohamad Desa	10,000	-	-	10,000
Tan Lay Kuan @				
Tan Lay Wah	10,000	-	-	10,000
Then Nyong Fah	20,866	-	-	20,866
Shareholdings in which directors are deemed to have an interest:				
Cheng King Fa	15,505,728	-	-	15,505,728
Dato' Cheng Hup	16,025,728	220,000	(520,000)	15,725,728
Cheng Ping Keat	15,005,728	-	-	15,005,728
Mohd Azmi Bin Lop Yusof	2,371,955	-	-	2,371,955
Then Nyong Fah	354,000	540,000	(354,000)	540,000

By virtue of their interests in shares of the Company, the above directors are also deemed to have an interest in all shares held by the Company in the subsidiary companies to the extent that the Company has an interest.

The other director did not hold or deal in any shares of the Company or its subsidiary companies during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company or its related companies 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 the transactions entered into the normal course of business with affiliated companies as disclosed in Note 23 to the accounts.

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

ISSUE OF SHARES

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



directors' report

for the year ended 31 December 1999

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the accounts of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:-

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

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and the Company accounts 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 accounts, that would render any amount stated in the accounts 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 the Group and of the Company 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 its obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 1999 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.

YEAR 2000

The Steering Committee of the Company has addressed the Year 2000 issue on the systems that produce financial and other information and as at 31 December 1999, they were Year 2000 ready. In relation to this, the Company has since monitored for any Year 2000 problems that may surface, and as at the date of this report, has not encountered any problems. The cost involved in preparation for the Year 2000 issue was not significant.

directors' report

for the year ended 31 December 1999

AUDITORS

The retiring auditors, Messrs KPMG (formerly known as KPMG Peat Marwick), have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

..... Director
CHENG KING FA

..... Director
DATO' CHENG HUP

Kuala Lumpur,

27 March 2000



statement by directors

We, CHENG KING FA and DATO' CHENG HUP, being two of the directors of KHIND HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accounts set out on pages 23 to 42 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of the results of the Group and of the Company and cash flows of the Group for the year ended on that date.

On behalf of the Board of Directors:

..... Director
CHENG KING FA

..... Director
DATO' CHENG HUP

Kuala Lumpur,

27 March 2000

statutory declaration

I, CHENG PING KEAT, being the director primarily responsible for the financial management of KHIND HOLDINGS BERHAD, do solemnly and sincerely declare that the accounts set out on pages 23 to 42 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 abovenamed
CHENG PING KEAT at KLANG in the
SELANGOR on 27 March 2000.

BEFORE ME:-
SOO AH KOW @ SOO KEHYAP
JP.AMS PJK
(registration no. B019)
COMMISSIONER FOR OATHS



report of the auditors to the members

We have audited the accounts set out on pages 23 to 42. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 1999 and of the results of the Group and of the Company and cash flows of the Group for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the accounts of the subsidiary companies were not subject to any qualification nor included any comment made under sub-section (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Public Accountants

SEOWYOO LIN
Partner
Approval Number: 1497/2/01(J)



KHIND

consolidated balance sheet

at 31 December 1999

	Note	1998 RM	1999 RM
FIXED ASSETS	3	28,027,367	23,736,308
CURRENT ASSETS			
Stocks	5	19,812,020	18,065,373
Trade debtors	6	23,456,928	20,603,228
Other debtors, deposits and prepayments	7	2,953,760	2,369,835
Amount due from holding company	8	942,080	687,275
Fixed deposits	9	735,757	7,266,275
Cash and bank balances		3,752,640	4,087,019
		51,653,185	53,079,005
LESS: CURRENT LIABILITIES			
Trade creditors	10	12,084,393	10,309,815
Other creditors and accruals	10	2,257,551	2,129,974
Amount due to directors		-	81,554
Lease and hire purchase creditors	11	207,039	409,682
Bank borrowings	12	9,735,812	10,730,760
Term loans (secured)	13	528,266	674,862
Provision for taxation		335,036	2,507,461
		25,148,097	26,844,108
Net Current Assets		26,505,088	26,234,897
		54,532,455	49,971,205
Financed by:-			
SHARE CAPITAL	14	30,000,000	30,000,000
RESERVES	15	22,803,785	17,626,662
Shareholders' Funds		52,803,785	47,626,662
LEASE AND HIRE PURCHASE CREDITORS	11	158,668	235,414
TERM LOANS (SECURED)	13	466,002	989,129
DEFERRED TAXATION	16	1,104,000	1,120,000
		54,532,455	49,971,205

The notes set out on pages 29 to 42 form an integral part of, and should be read in conjunction with, these accounts.



KAHID

consolidated profit and loss account

for the year ended 31 December 1999

	Note	RM	1998 RM
Turnover	17	<u>93,460,906</u>	<u>77,362,187</u>
Profit before taxation	18	7,848,340	10,125,880
Taxation	19	(230,339)	(2,308,440)
Profit after taxation		<u>7,618,001</u>	<u>7,817,440</u>
Pre-acquisition profit		-	(1,727,864)
		7,618,001	6,089,576
Unappropriated profit brought forward		4,577,576	-
Profit attributable to shareholders of the Company		<u>12,195,577</u>	<u>6,089,576</u>
Appropriation:			
Dividend	20	(2,100,000)	(1,512,000)
Unappropriated profits carried forward	15	<u>10,095,577</u>	<u>4,577,576</u>
Earnings per ordinary share (sen)	21	<u>25.39</u>	<u>34.17</u>



The notes set out on pages 29 to 42 form an integral part of, and should be read in conjunction with, these accounts.

KAHNID

balance sheet

at 31 December 1999

	Note	1998 RM	1999 RM
INTEREST IN SUBSIDIARY COMPANIES	4	34,897,903	27,335,745
CURRENT ASSETS			
Other debtors and deposit		495,183	587,008
Amount due from holding company	8	510,000	510,000
Fixed deposits	9	-	6,723,089
Cash at banks		82,536	424,697
		1,087,719	8,244,794
LESS: CURRENT LIABILITIES			
Other creditors and accruals		13,753	116,082
Provision for taxation		2,000	172,000
		15,753	288,082
Net Current Assets		1,071,966	7,956,712
		35,969,869	35,292,457
Financed by:-			
SHARE CAPITAL	14	30,000,000	30,000,000
RESERVES	15	5,969,869	5,292,457
		35,969,869	35,292,457



The notes set out on pages 29 to 42 form an integral part of,
and should be read in conjunction with, these accounts.

KAHID

profit and loss account

for the year ended 31 December 1999

	Note	1999 RM	1998 RM
Turnover	17	<u>2,680,000</u>	<u>2,100,000</u>
Profit before taxation	18	2,777,412	2,696,446
Taxation	19	-	(760,000)
Profit after taxation		<u>2,777,412</u>	<u>1,936,446</u>
Unappropriated profit brought forward		<u>424,446</u>	-
Profit available for appropriation		<u>3,201,858</u>	<u>1,936,446</u>
Appropriation:			
Dividend	20	<u>(2,100,000)</u>	<u>(1,512,000)</u>
Unappropriated profits carried forward	15	<u>1,101,858</u>	<u>424,446</u>



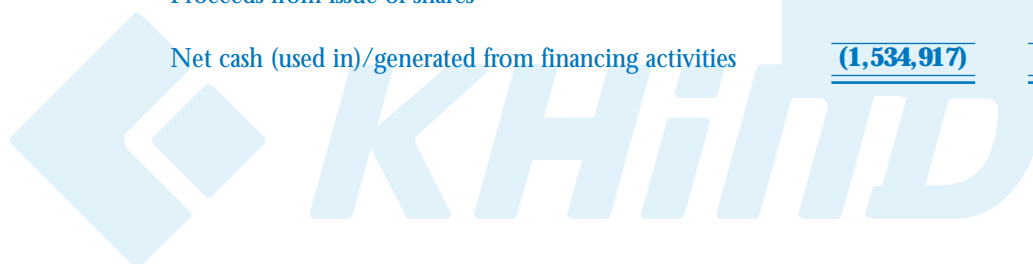
The notes set out on pages 29 to 42 form an integral part of, and should be read in conjunction with, these accounts.

KAHNID

consolidated cash flows

for the year ended 31 December 1999

	RM	1998 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation after pre-acquisition profit	7,848,340	8,398,016
Adjustments for:-		
Depreciation	2,460,429	2,474,715
Fixed assets written off	477	1,114
Interest expenses	745,459	1,384,923
Amortisation of reserve on consolidation	(340,878)	(340,878)
Gain on disposal of fixed assets	(77,183)	(2,529)
Interest income	(343,537)	(701,738)
Pre-acquisition profit	-	1,727,864
Operating profit before working capital changes	10,293,107	12,941,487
(Increase)/Decrease in working capital		
Stocks	(1,746,647)	(4,471,860)
Debtors	(3,437,625)	13,853,795
Creditors	1,820,601	(22,430,974)
Cash generated from/(used in) operations	6,929,436	(107,552)
Taxation paid	(2,418,764)	(1,556,055)
Interest paid	(745,459)	(1,384,923)
Net cash generated from/(used in) operating activities	3,765,213	(3,048,530)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,877,153)	(3,277,813)
Withdrawals/(Placements) of fixed deposits	6,530,518	(7,266,275)
Dividend paid	(2,100,000)	(1,512,000)
Acquisition of subsidiary companies, net of cash acquired*	-	(9,242,089)
Proceeds from disposal of fixed assets	202,371	84,531
Interest received	343,537	701,738
Net cash used in investing activities	(1,900,727)	(20,511,908)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of leased and hire purchase creditors	(279,389)	(402,890)
(Repayments)/Drawdowns of bankers acceptances	(331,000)	8,959,000
Repayments of term loans	(669,723)	(2,782,797)
Advances to holding company	(254,805)	(687,275)
Share issue expenses	-	(1,431,989)
Proceeds from issue of shares	-	22,221,648
Net cash (used in)/generated from financing activities	(1,534,917)	25,875,697



consolidated cash flows

for the year ended 31 December 1999

	RM	1998 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	329,569	2,315,259
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,315,259	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,644,828</u>	<u>2,315,259</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,752,640	4,087,019
Bank overdrafts	<u>(1,107,812)</u>	<u>(1,771,760)</u>
	<u>2,644,828</u>	<u>2,315,259</u>
 *SUMMARY OF THE EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANIES IN THE PREVIOUS YEAR		
		1998 RM
Fixed assets		23,016,327
Stocks		13,593,513
Debtors		36,826,856
Fixed deposits		208,533
Cash and bank balances		3,771,339
Creditors		(35,530,920)
Bank borrowings		(13,221,961)
Provision for taxation		(2,087,077)
Deferred taxation		(788,000)
Long term liabilities		(4,916,171)
Share of net assets acquired		<u>20,872,439</u>
Pre-acquisition profit		1,727,864
Reserve on consolidation		(8,521,953)
Total purchase consideration		<u>14,078,350</u>
Portion financed by issuance of the Company's shares		(14,078,350)
Portion financed by cash		-
Less: Fixed deposits and cash and bank balances of subsidiary companies acquired		(3,979,872)
Bank borrowings		<u>13,221,961</u>
Cash flow on acquisition, net of cash acquired		<u>9,242,089</u>

The notes set out on pages 29 to 42 form an integral part of,
and should be read in conjunction with, these accounts.



KAHNID

notes to the account

31 December 1999

1. PRINCIPAL ACTIVITY

The principal activity of the Company in the course of the financial year remained unchanged and consists of investment holding.

The principal activities of the subsidiary companies are set out in Note 4 to the accounts. There have been no significant changes in the nature of these principal activities during the financial year.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The accounts are prepared under the historical cost convention and in compliance with approved accounting standards in Malaysia other than as disclosed in Note 2.5 and Note 2.6.

2.2 Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiary companies, the particulars of which are set out in Note 4 to the accounts. The consolidation is based on the audited accounts of the subsidiary companies made up to 31 December 1999.

All internal transactions are eliminated on consolidation and the turnover and profits relate to external transactions only.

The proportion of the profit or loss after taxation applicable to any pre-acquisition year is deducted in arriving at the profit attributable to the shareholders of the Company.

2.3 Reserve on Consolidation

Reserve on consolidation represents the difference, at the date of acquisition, between the consideration paid for shares in the subsidiary companies and the fair values attributable to the net assets acquired. Reserve on consolidation is amortised over a period of twenty five years from date of acquisition.

2.4 Subsidiary Companies

Investments in subsidiary companies are stated at cost. Provision for diminution in value is made when the directors consider that there has been a permanent diminution in value.



notes to the accounts

31 December 1999

2.5 Fixed Assets

Fixed assets are stated at cost less depreciation provided on the straight line basis so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are as follows:-

Leasehold land and buildings	2%
Factory buildings	2%
Plant and machinery	10% - 20%
Tools and moulds	15%
Furniture, fittings and office equipment	10% - 33%
Motor vehicles	10% - 20%
Renovations	10% - 20%

Capital work-in-progress is not depreciated.

A subsidiary company has not amortised its leasehold land over the period of lease due to the title deed has not been issued by the relevant authorities. The non-amortisation, which is a departure from International Accounting Standard No. 16 - Property, Plant and Equipment, has no material effect to the accounts.

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out (FIFO) basis.

Cost of manufactured finished goods comprises cost of raw materials, direct labour and a proportion of all factory and production overheads.

Cost of bought-in goods and raw materials comprises purchase cost and all expenses incurred in bringing the goods to their present location and condition.

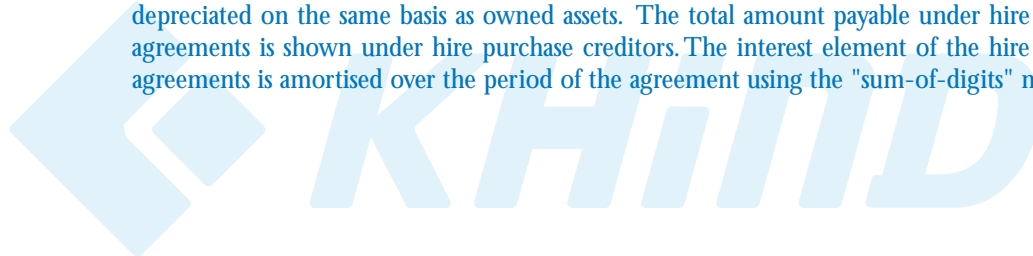
The Group has not complied with the disclosure of cost of goods sold as required by International Accounting Standard No. 2 (Revised) – Inventories.

2.7 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at the exchange rates closely approximating to those ruling at balance sheet date. Transactions in foreign currencies are translated into Ringgit Malaysia at the exchange rates closely approximating to those ruling at the date of the transactions. Gains or losses on exchange are dealt with in profit and loss account.

2.8 Accounting for Hire Purchase

Assets acquired under hire purchase arrangements are capitalised at their purchase cost and are depreciated on the same basis as owned assets. The total amount payable under hire purchase agreements is shown under hire purchase creditors. The interest element of the hire purchase agreements is amortised over the period of the agreement using the "sum-of-digits" method.



2.9 Accounting for Leases

Lease payment classified as finance leases are recorded at the fair value of the leased assets at the beginning of the duration of the lease. The amount of the leased asset is depreciated over its estimated useful life consistent with the depreciation policy the Group adopts for depreciable assets that are owned. The difference between the total minimum lease payments over the duration of the lease and the initial recorded liability, which represents the leasing interest, is amortised over the period of the lease using the "sum-of-digits" method.

2.10 Deferred Taxation

Deferred taxation is provided for on the liability method in respect of all material timing differences except where the liability is not expected to arise in the foreseeable future. Deferred tax benefits are only recognised where there is reasonable expectation of realisation in the near future.

2.11 Affiliated Companies

Affiliated companies are defined as companies in which the directors have significant influences or substantial interests.

2.12 Borrowing Cost

Borrowing cost incurred as expenditure on assets that require a substantial period of time to get ready for their intended use are capitalised. Capitalisation of borrowing cost will cease when the assets are ready for their intended use.

2.13 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, balances with banks and highly liquid investments with maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.



notes to the accounts

31 December 1999

3. FIXED ASSETS Group	Long leasehold land	Leasehold land and buildings	Factory building	Plant and machinery
Cost	RM	RM	RM	RM
At 1 January 1999	3,000,000	2,957,605	10,021,967	3,810,782
Additions	-	-	99,243	824,637
Disposals	-	-	-	(11,500)
Written off	-	-	-	-
At 31 December 1999	3,000,000	2,957,605	10,121,210	4,623,919
Accumulated depreciation				
At 1 January 1999	-	193,697	694,192	2,042,904
Charge for the year	-	55,741	197,582	425,970
Disposals	-	-	-	(3,450)
Written off	-	-	-	-
At 31 December 1999	-	249,438	891,774	2,465,424
Net book value				
At 31 December 1999	3,000,000	2,708,167	9,229,436	2,158,495
At 31 December 1998	3,000,000	2,763,908	9,327,775	1,767,878
Depreciation charge for the year ended 31 December 1998	-	74,688	197,151	424,013



notes to the accounts

31 December 1999

Tools and moulds	Furniture, fittings and office equipment	Motor vehicles	Renovations	Capital work-in- progress	Total
RM	RM	RM	RM	RM	RM
6,790,854	2,643,445	3,264,853	721,607	-	33,211,113
992,190	1,152,390	247,788	113,905	3,447,000	6,877,153
-	(7,598)	(358,080)	-	-	(377,178)
-	(3,125)	-	-	-	(3,125)
7,783,044	3,785,112	3,154,561	835,512	3,447,000	39,707,963
3,655,303	1,044,534	1,621,997	222,178	-	9,474,805
970,020	356,262	374,781	80,073	-	2,460,429
-	(2,526)	(246,014)	-	-	(251,990)
-	(2,648)	-	-	-	(2,648)
4,625,323	1,395,622	1,750,764	302,251	-	11,680,596
3,157,721	2,389,490	1,403,797	533,261	3,447,000	28,027,367
3,135,551	1,598,911	1,642,856	499,429	-	23,736,308
967,971	275,519	462,039	73,334	-	2,474,715



notes to the accounts

31 December 1999

4. INTEREST IN SUBSIDIARY COMPANIES

	Company	
	RM	1998 RM
Unquoted shares, at cost	14,078,350	14,078,350
Amount due from subsidiary companies	20,819,553	13,257,395
	<u>34,897,903</u>	<u>27,335,745</u>

The amount due from the subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

Details of the subsidiary companies, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Equity interest		Principal activities
	1999	1998	
	%	%	
Kee Hin Industries Sdn. Bhd.	100	100	Manufacture and sale of electrical home appliances and wiring accessories
Khind Marketing (M) Sdn. Bhd.	100	100	Trading in electrical home appliances and wiring accessories
Khind Marketing (Sabah) Sdn. Bhd.	100	100	Trading in electrical home appliances and wiring accessories
Khind Marketing (Sarawak) Sdn. Bhd.	100	100	Trading in electrical home appliances and wiring accessories
Cable-Link (Malaysia) Sdn. Bhd.	100	100	Assembly of wire harness and power supply cords
Khind Home Appliances Sdn. Bhd.*	100	100	Intended to manufacture home appliances
Khind R & D Sdn. Bhd.*	100	100	Intended to do research and development of home appliances

* The entire equity interest is held by Kee Hin Industries Sdn. Bhd.



directors' report

for the year ended 31 December 1999

5. STOCKS

	Group	
	RM	1998 RM
Raw materials	7,146,525	9,102,524
Finished goods	12,665,495	8,962,849
	<u>19,812,020</u>	<u>18,065,373</u>

6. TRADE DEBTORS

	Group	
	RM	1998 RM
Trade debtors	24,497,388	21,607,976
Less: Provision for doubtful debts	(1,040,460)	(1,004,748)
	<u>23,456,928</u>	<u>20,603,228</u>

Included in trade debtors is an amount of RM116,622 (1998 - RM1,511,401) due from affiliated companies.

7. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Group

Included in other debtors, deposits and prepayments of the Group in previous year was an amount of RM168,764 due from an affiliated company. The amount was settled during the year.

8. HOLDING COMPANY

Group and Company

The holding company is Khind Venture Sdn. Bhd, a company incorporated in Malaysia. The amount due from holding company is unsecured, interest free and has no fixed terms of repayment.

9. FIXED DEPOSITS

	Group		Company	
	RM	1998 RM	RM	1998 RM
Deposits with licensed banks	684,061	4,703,186	-	4,160,000
Deposits with other financial institutions	51,696	2,563,089	-	2,563,089
	<u>735,757</u>	<u>7,266,275</u>	<u>-</u>	<u>6,723,089</u>

Group

Fixed deposits with licensed banks of a subsidiary company amounted to RM474,737 (1998 - RM293,187) are pledged as security for banking facilities granted to the subsidiary company (Note 12).

notes to the accounts

31 December 1999

10. CREDITORS

Group

Included in trade creditors and other creditors and accruals of the Group are amount due to affiliated companies of Nil (1998 - RM105,203) and Nil (1998 -RM95,380) respectively.

11. LEASE AND HIRE PURCHASE CREDITORS

	Group	
	RM	1998 RM
Lease and hire purchase creditors	459,631	746,987
Less: Interest in suspense	(93,924)	(101,891)
	<u>365,707</u>	<u>645,096</u>
Repayable within twelve months	207,039	409,682
Repayable after twelve months	158,668	235,414
	<u>365,707</u>	<u>645,096</u>

12. BANK BORROWINGS

	Group	
	RM	1998 RM
Bank borrowings consist of the following:		
Bank overdrafts		
- secured	405,289	1,771,760
- unsecured	702,523	-
Banker acceptances		
- secured	1,256,000	7,645,000
- unsecured	7,372,000	1,314,000
	<u>9,735,812</u>	<u>10,730,760</u>

The bank borrowings are secured by fixed charges over the leasehold land and buildings and factory buildings of the Group (Note 3), fixed deposits of a subsidiary company (Note 9), buildings of certain directors of the subsidiary companies and are guaranteed by the Company and the directors of the subsidiary companies.

The bank overdrafts bear interest at rates ranging from 4.95% to 10.10% (1998 - 9.30% to 13.25%) per annum.

The banker acceptances bear interest at rates ranging from 2.90% to 7.00% (1998 - 6.40% to 13.00%) per annum.



notes to the accounts

31 December 1999

13. TERM LOANS (SECURED)

	Group	
	RM	1998 RM
Repayable within twelve months	528,266	674,862
Repayable after twelve months	466,002	989,129
	<u>994,268</u>	<u>1,663,991</u>

The term loans are secured by:

- i) fixed charge over the Group's long leasehold land and buildings and factory buildings (Note 3),
- ii) debenture created over other assets, both present and future of a subsidiary company and
- iii) joint and several guarantee by directors of the subsidiary companies.

The term loans bear interest at 7.00% to 9.80% (1998 - 7.00% to 13.90%) per annum. One of the term loans, which was repayable within ten years from the date the loan was granted was settled during the year. The remaining term loans are repayable within six (1998 - six) years from the date the term loans were granted to the respective subsidiary companies.

14. SHARE CAPITAL

	Group	
	RM	1998 RM
Ordinary shares of RM1 each:		
Authorised:		
Balance at 1 January	50,000,000	100,000
Increased during the year	-	49,900,000
Balance at 31 December	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:		
Balance at 1 January	30,000,000	2
Issued during the year		
- Consideration for the acquisition of subsidiary companies	-	11,635,000
- Rights issue	-	18,364,998
Balance at 31 December	<u>30,000,000</u>	<u>30,000,000</u>



notes to the accounts

31 December 1999

15. RESERVES

	Group		Company	
	RM	1998 RM	RM	1998 RM
Non-distributable				
Share premium				
Balance at 1 January	4,868,011	-	4,868,011	-
Arising from				
-The acquisition of subsidiary companies satisfied by the issuance of 11,635,000 ordinary shares at an issue price of RM1.21 per ordinary share	-	2,443,350	-	2,443,350
-Rights issue of 18,364,998 ordinary shares at an issue price of RM1.21 per ordinary share	-	3,856,650	-	3,856,650
	4,868,011	6,300,000	4,868,011	6,300,000
Deferred listing expenses	-	(1,431,989)	-	(1,431,989)
Balance at 31 December	4,868,011	4,868,011	4,868,011	4,868,011
Reserve on consolidation	8,521,953	8,521,953	-	-
Less: Accumulated amortisation	(681,756)	(340,878)	-	-
	7,840,197	8,181,075	-	-
Distributable				
Unappropriated profits	10,095,577	4,577,576	1,101,858	424,446
	22,803,785	17,626,662	5,969,869	5,292,457
Retained by:				
The Company	1,101,858	424,446		
Subsidiary companies	8,993,719	4,153,130		
	10,095,577	4,577,576		



KHIND

notes to the accounts

31 December 1999

16. DEFERRED TAXATION

	Group	
	RM	1998 RM
Balance at 1 January	1,120,000	788,000
Transfer (to)/from profit and loss account (Note 19)	(16,000)	332,000
Balance at 31 December	<u>1,104,000</u>	<u>1,120,000</u>

Subject to the agreement with the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the accounts under the liability method in respect of the following item:-

	Group	
	RM	1998 RM
Other timing differences	715,000	755,000
Potential deferred tax benefits not taken up in the accounts at 28% (1998 - 28%)	<u>200,000</u>	<u>211,000</u>

17. TURNOVER

The turnover of the Group represents the invoiced value of goods sold net of discounts and returns.

The turnover of the Company represents dividends received from subsidiary companies.



notes to the accounts

31 December 1999

18. PROFIT BEFORE TAXATION

	Group		Company	
	RM	1998 RM	RM	1998 RM
Profit before taxation is arrived at: after charging:-				
Auditors' remuneration	58,880	59,500	5,000	5,000
Depreciation (Note 3)	2,460,429	2,474,715	-	-
Directors' emoluments				
- fees and remuneration	936,157	948,608	27,000	-
- benefit-in-kind	100,139	-	-	-
Interest expenses				
- Bank overdrafts	114,366	155,136	-	-
- Bankers acceptances	401,291	930,988	-	-
- Term loans	117,543	167,047	-	-
- Lease and hire purchase	68,940	83,918	-	-
- Other interests	43,319	47,834	-	-
Rental of premises	143,300	209,649	-	-
Provision for doubtful debts	39,781	585,287	-	-
Fixed assets written off	477	1,114	-	-
and crediting:-				
Interest income	343,537	701,738	249,246	611,115
Gain on disposal of fixed assets	77,183	2,529	-	-
Dividend income				
from subsidiary companies	-	-	2,680,000	2,100,000
Amortisation of reserve on consolidation	340,878	340,878	-	-
Gain on foreign exchange	141,330	-	-	-
Provision for doubtful debts written back	4,069	-	-	-

The estimated monetary value of other benefits not included in the above received by the directors of the Group is RM35,100 (1998 – RM39,600).



notes to the accounts

31 December 1999

19. TAXATION

	Group		Company	
	RM	1998 RM	RM	1998 RM
Income taxation				
- Current year provision	-	2,066,000	-	760,000
- Under/(Over) provision in previous year	246,339	(89,560)	-	-
Transfer (from)/to deferred taxation (Note 16)	(16,000)	332,000	-	-
	230,339	2,308,440	-	760,000

There is no income taxation charge for the Group and the Company for the year ended 31 December 1999 in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999.

The disproportionate tax charge for the Group in previous year was due to the utilisation of reinvestment allowance by a subsidiary company of approximately RM2,230,000 which is subject to agreement with the Inland Revenue Board.

Subject to agreement with the Inland Revenue Board, the Group has unutilised reinvestment allowance of RM529,000 as at 31 December 1999 after taken into consideration reinvestment allowance of RM2,092,000 utilised in the current year.

20. DIVIDEND

	Group and Company	
	RM	1998 RM
Paid - Interim tax exempt dividend of 7% (1998 - 7% less tax at 28%)	2,100,000	1,512,000

21. EARNINGS PER ORDINARY SHARE

Group

The earnings per ordinary share is calculated based on the consolidated profit after taxation of RM7,618,001 (1998 - RM6,089,576) divided by ordinary shares in issue of 30,000,000 (1998 - weighted average number of ordinary shares in issue of 17,820,932).

22. DISTRIBUTABLE RESERVES

Subject to agreement with the Inland Revenue Board, the Company has tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income relating to the tax waiver to distribute all of its distributable reserves at 31 December 1999 if paid out as dividends.



notes to the accounts

31 December 1999

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group and of the Company during the year are as follows:

	Group		Company	
	RM	1998 RM	RM	1998 RM
Sales to affiliated companies	2,403,679	1,642,261	-	-
Purchases from affiliated companies	92,180	2,999,673	-	-
Interest income from affiliated companies	24,521	-	-	-

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on negotiated terms.

24. CAPITAL COMMITMENTS

	Group	
	RM	1998 RM
Authorised and contracted for	980,960	3,230,000

25. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	RM	1998 RM
Guarantees in respect of credit facilities granted to subsidiary companies	42,961,000	-

26. SEGMENTAL REPORTING

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

27. COMPARATIVE FIGURES

Certain comparative figures of the cash flow statement have been reclassified to conform with current year's presentation.

