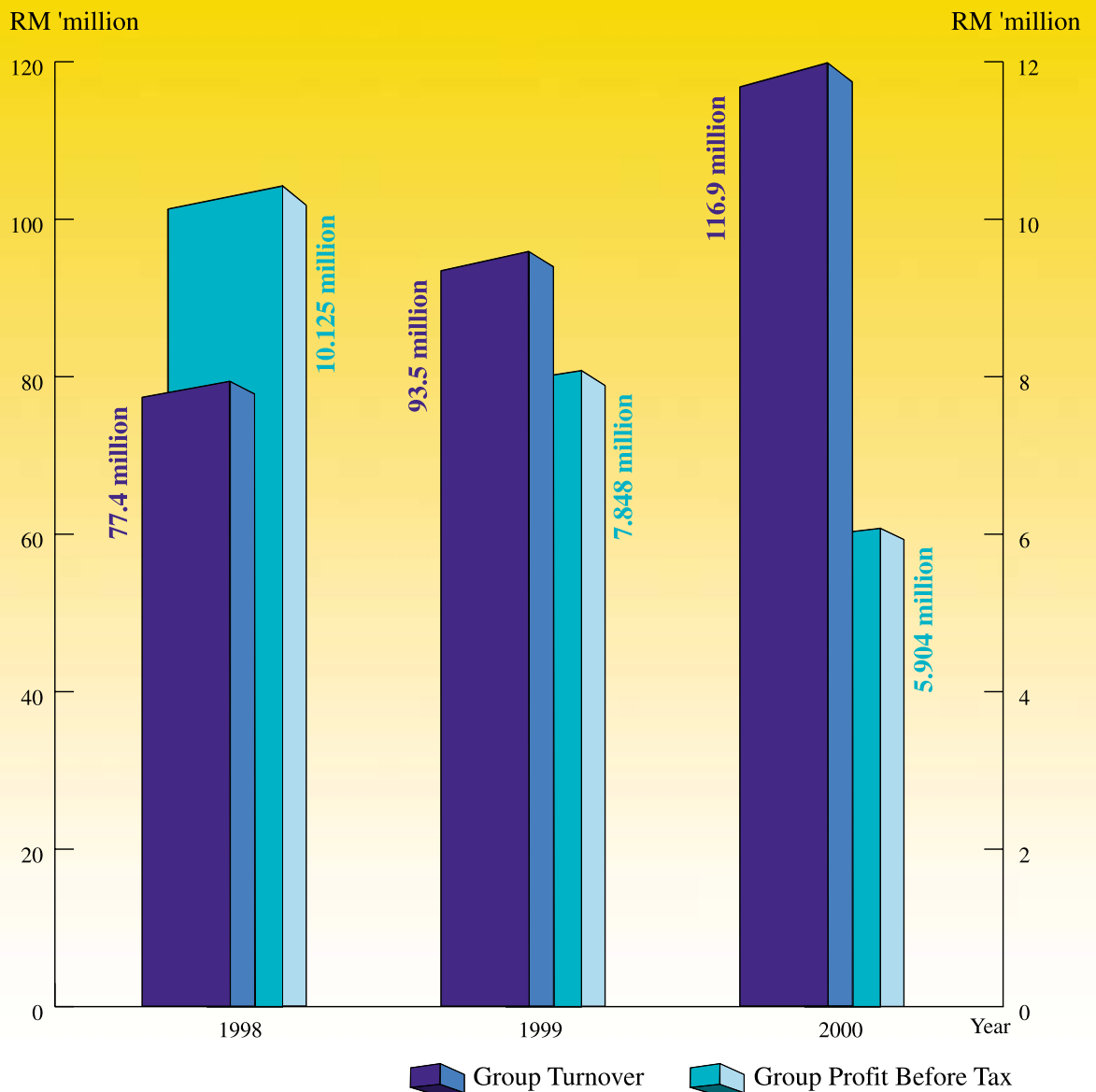


Financial Statement 2000

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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 2000.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiary companies are as stated in Note 3 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	5,904	2,484
Tax expense	(2,078)	(755)
Profit after taxation	<u>3,826</u>	<u>1,729</u>
Minority interests	90	-
Profit after taxation and minority interests	<u>3,916</u>	<u>1,729</u>
Pre-acquisition loss	729	-
Net profit for the year	<u>4,645</u>	<u>1,729</u>
Unappropriated profits brought forward	10,096	1,102
Profits available for appropriation	<u>14,741</u>	<u>2,831</u>
Appropriation:		
Dividends	(1,512)	(1,512)
Unappropriated profits carried forward	<u><u>13,229</u></u>	<u><u>1,319</u></u>

RESERVES

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

DIVIDENDS

Since the end of the previous financial year, the Company paid an interim dividend of 7% less income tax at 28% amounting to RM1,512,000 in respect of the year ended 31 December 2000 on 20 October 2000.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2000.

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
 Y.B. 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 King Fa, Nordin Bin Mohamad Desa and Tan Lay Kuan @ Tan Lay Wah retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The holdings in the ordinary shares of the Company of those who were Directors at year end are as recorded in the Register of Directors' Shareholdings are as follows:

Shareholdings in which Directors have direct interests:	Number of ordinary shares of RM1 each			
	At 1.1.2000	Bought	Sold	At 31.12.2000
Cheng King Fa	669,313	-	(144,498)	524,815
Dato' Cheng Hup	728,004	401,498	-	1,129,502
Cheng Ping Loke	10,000	-	-	10,000
Y.B. Md Azmi Bin Lop Yusof	2,371,955	-	(35,000)	2,336,955
Nordin Bin Mohamad Desa	10,000	-	-	10,000
Tan Lay Kuan @ Tan Lay Wah	10,000	-	-	10,000
Then Nyong Fah	560,866	18,000	(20,000)	558,866

Shareholdings in which Directors have indirect interests:	Number of ordinary shares of RM1 each			
	At 1.1.2000	Bought	Sold	At 31.12.2000
Cheng King Fa	15,005,728	-	-	15,005,728
Dato' Cheng Hup	15,005,728	-	-	15,005,728
Cheng Ping Keat	15,005,728	-	-	15,005,728

By virtue of their interests in the ordinary shares of the Company, the above Directors are also deemed to have an interest in the subsidiary companies to the extent of the Company's interest.

The other Director holding office at 31 December 2000 did not have any interest in the ordinary shares of the Company and its related 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 as shown in the financial statements) by reason of a contract made by the Company or a related company 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 those transactions entered into in the normal course of business with affiliated companies and the acquisition of a subsidiary company from certain Directors as disclosed in Note 26 to the financial statements.

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.

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

No options were granted to any person to take up unissued shares and debentures of the Company during the 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) 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 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 results of the operations of the Group and of the Company for the financial year ended 31 December 2000 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.

SIGNIFICANT EVENTS DURING THE YEAR

- i) On 16 August 2000, the Company subscribed for 1,500,000 ordinary shares of RM1 each at par in Khind Sales and Service Sdn. Bhd. (formerly known as Haier Marketing (M) Sdn. Bhd.) for a cash consideration of RM1,500,000.
- ii) On 23 November 2000, the Company acquired the entire equity interest of Khind-NES Electric Sdn. Bhd. (formerly known as Khind Lighting Industries Sdn. Bhd.) for a cash consideration of RM2.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 2 January 2001, the Company acquired the entire equity interest of Khind R & D Sdn. Bhd. from Khind Industries Sdn. Bhd., a wholly owned subsidiary company for a cash consideration of RM2.

Directors' Report

for the year ended 31 December 2000

AUDITORS

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

Signed in accordance with a resolution of the Directors:

.....
Cheng King Fa

.....
Dato' Cheng Hup

Kuala Lumpur,

Date: 20 February 2001



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 27 to 51, 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 at 31 December 2000 and of their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Cheng King Fa

.....
Dato' Cheng Hup

Kuala Lumpur,

Date: 20 February 2001

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 27 to 51, 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 at Kuala Lumpur on 20 February 2001

.....
Cheng Ping Keat

Before me:-
S. Barathan
AMN. PJK
(Registration no. W202)
COMMISSIONER FOR OATHS



Report of the Auditors to the Members

REPORT OF THE AUDITORS TO THE MEMBERS OF THE KHIND HOLDINGS BERHAD

(Company No. 380310-D)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 27 to 51. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. 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 financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements 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 2000 and of their results and cash flows 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 financial statements 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 financial statements of the subsidiary companies 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Public Accountants

Tang Seng Choon
Partner
Approval Number: 2011/12/01(J)

Kuala Lumpur,

Date: 20 February 2001

Balance Sheets

at 31 December 2000

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Property, plant and equipment	2	31,920	28,027	-	-
Investments in subsidiary companies	3	-	-	15,578	14,078
Current assets					
Inventories	4	22,332	19,812	-	-
Trade receivables	5	30,992	23,340	-	-
Other receivables, deposits and prepayments		3,643	2,954	495	495
Amount due from holding company	6	768	942	510	510
Amount due from subsidiary companies	7	-	-	20,142	20,820
Amount due from affiliated companies	8	-	117	-	-
Cash and cash equivalents	9	4,006	4,489	20	83
		61,741	51,654	21,167	21,908
Current liabilities					
Trade payables		9,620	12,084	-	-
Other payables and accruals		3,145	2,258	556	14
Amount due to affiliated companies	8	518	-	-	-
Borrowings	10	22,140	10,471	-	-
Provision for taxation		655	335	2	2
		36,078	25,148	558	16
Net current assets		25,663	26,506	20,609	21,892
		57,583	54,533	36,187	35,970
Financed by:					
Capital and reserves					
Share capital	11	30,000	30,000	30,000	30,000
Reserves	12	24,163	22,804	6,187	5,970
Shareholders' funds		54,163	52,804	36,187	35,970
Minority shareholders' interests	13	178	-	-	-
Long term and deferred liabilities					
Deferred taxation	14	1,229	1,104	-	-
Borrowings	10	2,013	625	-	-
		3,242	1,729	-	-
		57,583	54,533	36,187	35,970

The notes set out on pages 32 to 51 form an integral part of, and, should be read in conjunction with, these financial statements.

Income Statements

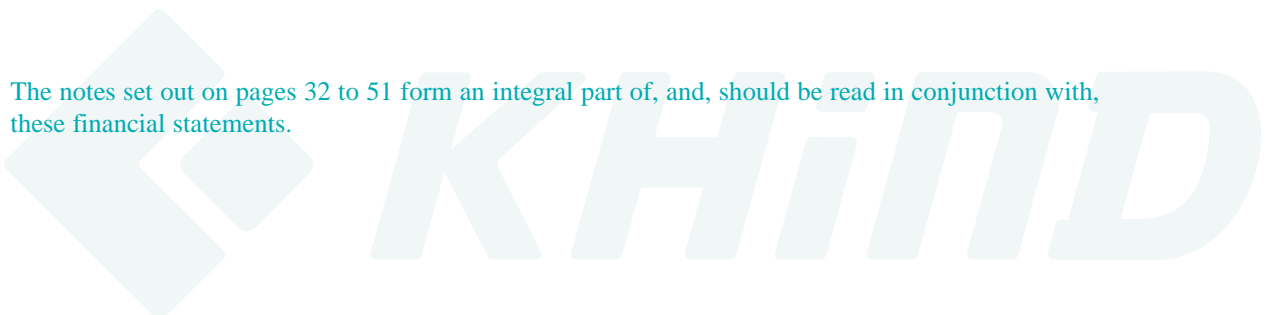
for the year ended 31 December 2000

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	15	116,869	93,461	2,695	2,680
Operating profit	15	6,691	8,250	2,406	2,528
Financing costs	17	(824)	(745)	-	-
Interest income	18	37	343	78	249
Profit before taxation		5,904	7,848	2,484	2,777
Tax expense	19	(2,078)	(230)	(755)	-
Profit after taxation		3,826	7,618	1,729	2,777
Minority interests		90	-	-	-
Profit after taxation and minority interests		3,916	7,618	1,729	2,777
Pre-acquisition loss		729	-	-	-
Net profit for the year		4,645	7,618	1,729	2,777
Basic earnings per ordinary share (sen)	21	15.48	25.39		
Dividend per ordinary share - gross (sen)	22	7.00	7.00	7.00	7.00

STATEMENTS OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

The Group and Company have no recognised gains and losses other than the net profit for the year.

The notes set out on pages 32 to 51 form an integral part of, and, should be read in conjunction with, these financial statements.



Cash Flow Statements

for the year ended 31 December 2000

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash flows from operating activities				
Profit before taxation after pre-acquisition loss	6,633	7,848	2,484	2,777
Adjustments for:				
Amortisation of reserve on consolidation	(341)	(341)	-	-
Depreciation	2,807	2,460	-	-
Interest expense	824	745	-	-
Interest income	(37)	(343)	(78)	(249)
Gain on disposal of property, plant and equipment	(19)	(77)	-	-
Pre-acquisition loss	(729)	-	-	-
Expenditure carried forward written off	3	-	-	-
Unrealised gain on foreign exchange	(3)	(61)	-	-
Operating profit before working capital changes	9,138	10,231	2,406	2,528
Changes in working capital:				
Inventories	(503)	(1,747)	-	-
Receivables	(5,967)	(3,437)	-	92
Payables	(7,128)	1,882	542	(102)
Affiliated companies	401	-	-	-
Cash (used in) / generated by operations	(4,059)	6,929	2,948	2,518
Taxation paid	(1,633)	(2,418)	(755)	(170)
Interest paid	(824)	(745)	-	-
Net cash (used in) / generated by operating activities	(6,516)	3,766	2,193	2,348
Cash flows from investing activities				
Acquisition of subsidiary companies	-	-	(1,500)	-
Acquisition of subsidiary companies, net of cash acquired (Note A)	(422)	-	-	-
Dividends paid	(1,512)	(2,100)	(1,512)	(2,100)
Interest received	37	343	78	249
Proceeds from disposal of property, plant and equipment	25	202	-	-
Purchase of property, plant and equipment (Note B)	(5,133)	(6,691)	-	-
Net cash used in investing activities	(7,005)	(8,246)	(2,934)	(1,851)



Cash Flow Statements

for the year ended 31 December 2000

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash flows from financing activities				
Advances from/(to) holding company	174	(255)	-	-
Drawdown of bankers acceptances	39,147	23,523	-	-
Repayments of bankers acceptances	(28,942)	(23,854)	-	-
Drawdown of term loans	2,261	-	-	-
Repayments of term loans	(821)	(670)	-	-
Repayments from/(Advances to) subsidiary companies	-	-	678	(7,562)
Repayments of hire purchase liabilities	(234)	(465)	-	-
Net cash generated by / (used in) financing activities	11,585	(1,721)	678	(7,562)
Net decrease in cash and cash equivalents	(1,936)	(6,201)	(63)	(7,065)
Cash and cash equivalents at beginning of year	3,381	9,582	83	7,148
Cash and cash equivalents at end of year	1,445	3,381	20	83

A) Acquisition of subsidiary companies

During the year, the Company acquired two subsidiary companies, Khind Sales & Service Sdn. Bhd. and Khind-NES Sdn. Bhd. (formerly known as Khind Lighting Industries Sdn. Bhd.). The fair values of assets and liabilities assumed were as follows:

	2000 RM'000
Property, plant and equipment	1,379
Inventories	2,017
Trade and other receivables	2,374
Cash and cash equivalents	2,578
Trade and other payables	(8,172)
Minority interests at the date of acquisition	(109)
Share of net assets acquired	67
Goodwill on acquisition	1,433
Purchase consideration	1,500
Less: Cash and cash equivalents of subsidiary companies acquired, net of cash injection from issuance of new 1,500,000 ordinary shares of RM1 each	(1,078)
Cash flow on acquisition, net of cash acquired	422



B) Purchase of property, plant and equipment

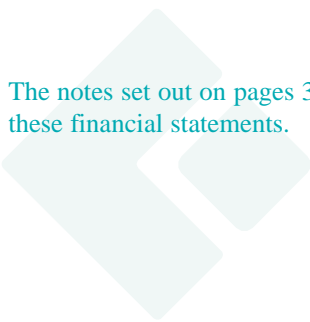
During the year, the Group acquired property, plant and equipment with an aggregate cost of RM5,327,000 (1999 – RM6,877,000), of which RM194,000 (1999 – 186,000) was acquired by means of hire purchase.

C) Cash and cash equivalents

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

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fixed deposits	478	736	-	-
Cash and bank balances	3,528	3,753	20	83
Bank overdrafts	(2,561)	(1,108)	-	-
	<u>1,445</u>	<u>3,381</u>	<u>20</u>	<u>83</u>

The notes set out on pages 32 to 51 form an integral part of, and, should be read in conjunction with, these financial statements.



KHiND

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and in compliance with applicable approved accounting standards in Malaysia other than as disclosed in Note 1(f).

(b) Basis of consolidation

Subsidiary companies are those companies in which the Company controls the composition of its Board of Directors or holds more than half of its voting power, or holds more than half of its issued ordinary share capital. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively cease. Subsidiary companies are consolidated using the acquisition method of accounting. The consolidation is based on the audited financial statements of the subsidiary companies made up to 31 December 2000.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Goodwill/Reserve on consolidation

Goodwill/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.

During the year, the goodwill arising on acquisition of subsidiary companies was set off against reserve on consolidation. Reserve on consolidation net of goodwill is stated at cost less accumulated amortisation.

Reserve on consolidation was amortised over a period of twenty five years from date of acquisition. Following the reassessment of the carrying value, the period for the amortisation of reserve on consolidation has been changed from twenty five years to eighteen years.

(d) 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.

(e) Property, plant and equipment

Property, plant and equipment other than capital work-in-progress are stated at cost less accumulated depreciation.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(f) Depreciation

Property, plant and equipment are depreciated on a straight-line basis so as to write off the cost of the assets over the term of their estimated useful lives.

The principal annual rates of depreciation used are as follows:

Leasehold land and buildings	2%
Factory buildings	2%
Plant and machinery	10% - 20%
Tools and moulds	10% - 20%
Furniture, fittings and office equipment	10% - 33.3%
Motor vehicles	10% - 20%
Renovations	10% - 20%

Capital work-in-progress is not depreciated.

A subsidiary company has not amortised its long leasehold land over the period of lease of 60 years due to the title deed has not been issued by the relevant authorities. The non-amortisation, which is a departure from MASB Standard 15 - Property, Plant and Equipment, has no material effect to the financial statements.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value with the first-in-first-out (FIFO) basis being the main basis for cost.

Cost of manufactured finished goods and work-in-progress comprises cost of raw material, direct labour and a proportion of all factory and production overheads.

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

(h) Cash and cash equivalents

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

(i) Affiliated companies

Affiliated companies are defined as companies in which the Directors of the Company have significant influence or substantial interest.

(j) 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 liabilities. The interest element of the hire purchase agreements is amortised over the period of the agreement using the "sum-of-digits" method.

(k) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(l) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:-

USD	RM3.80
SGD	RM2.17
BND	RM2.17
GBP	RM5.72
JPY	RM0.03
HKD	RM0.49
TWD	RM0.11

(m) Revenue

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Dividend income

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

(iii) Rental income

Rental income is recognised on the accruals basis.

(iv) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(n) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.



2. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land	Leasehold land and buildings	Factory buildings	Plant and machinery
Cost	RM'000	RM'000	RM'000	RM'000
At 1 January 2000	3,000	2,958	10,121	4,624
Additions	-	284	22	455
Disposals	-	-	-	(30)
Transfers	-	4,093	-	-
Acquisition of subsidiary companies	-	-	-	281
At 31 December 2000	3,000	7,335	10,143	5,330
Depreciation				
At 1 January 2000	-	249	892	2,465
Charge for the year	-	146	199	484
Disposals	-	-	-	(30)
Acquisition of subsidiary companies	-	-	-	35
At 31 December 2000	-	395	1,091	2,954
Net book value				
At 31 December 2000	3,000	6,940	9,052	2,376
At 31 December 1999	3,000	2,709	9,229	2,159
Depreciation charge for the year ended 31 December 1999	-	56	197	426



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Tools and moulds RM'000	Furniture fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Capital work-in-progress RM'000	total RM'000
7,783	3,785	3,154	835	3,447	39,707
1,332	935	225	242	1,832	5,327
(16)	(2)	(285)	-	-	(333)
-	-	-	-	(4,093)	-
1,241	53	-	1	-	1,576
10,340	4,771	3,094	1,078	1,186	46,277
4,625	1,396	1,751	302	-	11,680
1,051	447	370	110	-	2,807
(10)	(2)	(285)	-	-	(327)
155	7	-	-	-	197
5,821	1,848	1,836	412	-	14,357
4,519	2,923	1,258	666	1,186	31,920
3,158	2,389	1,403	533	3,447	28,027
970	356	375	80	-	2,460

The leasehold land and buildings and factory buildings with net book value of RM18,419,000 (1999 – RM14,937,000) have been pledged as security for the bank facilities granted to the Group (Note 10).

Certain title deeds to the long leasehold land of two subsidiary companies are in the process of being registered in these companies' names.

Property, plant and equipment with a net book value of RM487,000 (1999 – RM655,000) were acquired under hire purchase arrangements.



3. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2000 RM'000	1999 RM'000
Unquoted shares, at cost	<u>15,578</u>	<u>14,078</u>

The principal activities of the companies in the Group, their places of incorporation and the interest of Khind Holdings Berhad in these companies are shown below:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2000 %	1999 %
Khind Industries Sdn. Bhd. (formerly known as Kee Hin Industries Sdn. Bhd.)	Manufacture and sale of electrical home appliances and wiring accessories	Malaysia	100	100
Khind Marketing (M) Sdn. Bhd.	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
Khind Marketing (Sabah) Sdn. Bhd.	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
Khind Marketing (Sarawak) Sdn. Bhd.	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
Khind Components Sdn. Bhd. (formerly known as Cable-Link (Malaysia) Sdn. Bhd.)	Assembly of wire harness and power supply cords	Malaysia	100	100
Khind-NES Electric Sdn. Bhd. (formerly known as Khind Lighting Industries Sdn. Bhd.)	Manufacture and sale of protector, trailing sockets and electrical accessories	Malaysia	100	-



31 December 2000

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2000 %	1999 %
Khind Sales and Service Sdn. Bhd.	Trading in electrical products	Malaysia	75	-
Khind Home Appliances Sdn. Bhd.*	Intended to manufacture home appliances	Malaysia	100	100
Khind R & D Sdn. Bhd.*	Intended to do research and development of home appliances.	Malaysia	100	100

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

4. INVENTORIES

	Group	
	2000 RM'000	1999 RM'000
Raw materials, at cost	6,964	6,995
Work-in-progress, at cost	1,264	589
Finished goods	14,104	12,228
	<u>22,332</u>	<u>19,812</u>

Finished goods of RM244,000 (1999 – Nil) are carried at net realisable value.

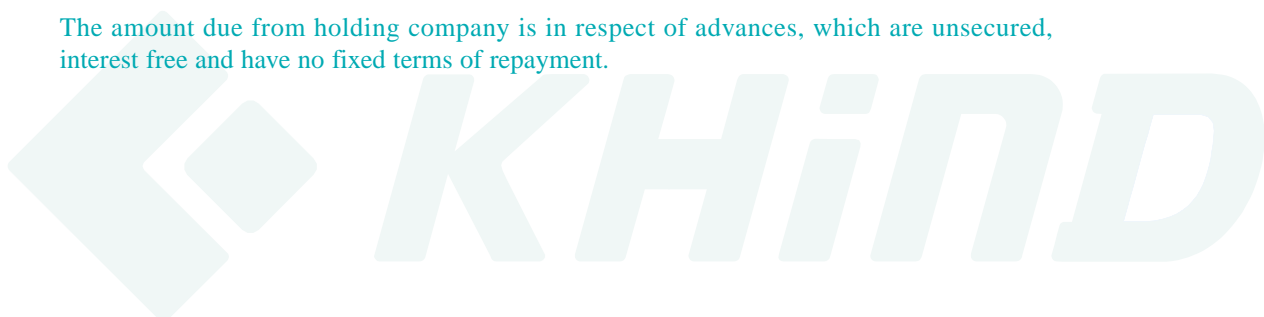
5. TRADE RECEIVABLES

	Group	
	2000 RM'000	1999 RM'000
Trade receivables	32,184	24,380
Less: Provision for doubtful debts	(1,192)	(1,040)
	<u>30,992</u>	<u>23,340</u>

6. HOLDING COMPANY

The holding company is Kee Hin Venture Sdn. Bhd. (formerly known as Khind Venture Sdn. Bhd.), a company incorporated in Malaysia.

The amount due from holding company is in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.



7. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies are in respect of advances, which are unsecured, interest free and have no fixed terms of repayment, except for an advance of RM1,953,000 (1999 – Nil) to a subsidiary company, which bears interest at 6.5% (1999 – Nil) per annum.

8. AMOUNT DUE FROM/(TO) AFFILIATED COMPANIES

The amount due to affiliated companies are in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

The amount due from affiliated companies in the previous year were trade in nature.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash and bank balances	3,528	3,753	20	83
Fixed deposits	478	736	-	-
	<u>4,006</u>	<u>4,489</u>	<u>20</u>	<u>83</u>
Fixed deposits are placed with:				
Licensed banks	423	684	-	-
Other financial institutions	55	52	-	-
	<u>478</u>	<u>736</u>	<u>-</u>	<u>-</u>

Group

Fixed deposits with licensed banks of a subsidiary company amounted to RM207,000 (1999 – RM475,000) are pledged as security for banking facilities granted to the subsidiary company (Note 10).

10. BORROWINGS

		Group	
		2000 RM'000	1999 RM'000
Current:			
Term loans	- secured	588	528
Bank overdrafts	- secured	812	405
	- unsecured	1,749	703
Bankers acceptances	- secured	1,368	1,256
	- unsecured	17,465	7,372
Hire purchase liabilities		158	207
		<u>22,140</u>	<u>10,471</u>
Non-current:			
Term loans – secured		1,846	466
Hire purchase liabilities		167	159
		<u>2,013</u>	<u>625</u>

Terms and debts repayment schedule

The term loans are secured by:

- i) fixed charge over the Group's leasehold land and buildings and factory buildings (Note 2),
- ii) debenture created over other assets, both present and future of a subsidiary company,
- iii) joint and several guarantee by Directors of the subsidiary companies; and
- iv) corporate guarantee of the Company.

The term loans bear interest at rates ranging from 7.00% to 8.55% (1999 - 7.00% to 9.80%) per annum.

The term loan of RM2,241,000 (1999 – Nil) is repayable over a period of 10 years until full settlement through a monthly instalment of RM35,693 commencing September 2000.

Another term loan of RM116,000 (1999 – RM561,000) is repayable over twenty four (24) equal quarterly instalments of RM118,187 from the date the term loan was granted, which was in July 1995.

The remaining term loan of RM77,000 (1999 – RM108,000) is repayable over one hundred and twenty (120) equal monthly instalments of RM3,603 from the date the term loan was granted, which was in September 1993.

The term loans of RM325,000 in the previous year were fully repaid during the year.

The bank overdrafts and bankers acceptances are secured by fixed charges over the Group's leasehold land and buildings and factory buildings (Note 2), 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 respective subsidiary companies.

The bank overdrafts bear interest at rates ranging from 6.50% to 8.80% (1999 - 4.95% to 10.10%) per annum.

The bankers acceptances bear interest at rates ranging from 2.65% to 4.30% (1999 - 2.90% to 7.00%) per annum.

The hire purchase liabilities bear interest at rates ranging from 5.00% to 8.00% (1999 – 5.75% to 8.00%) per annum.

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Term loans- secured	2,434	588	462	1,285	99
Bank overdrafts					
- secured	812	812	-	-	-
- unsecured	1,749	1,749	-	-	-
Bankers acceptances					
- secured	1,368	1,368	-	-	-
- unsecured	17,465	17,465	-	-	-
Hire purchase liabilities	325	158	130	37	-
	<u>24,153</u>	<u>22,140</u>	<u>592</u>	<u>1,322</u>	<u>99</u>

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments	Interest	Principal	Payments	Interest	Principal
	2000	2000	2000	1999	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	193	35	158	270	63	207
Between one and five years	194	27	167	207	48	159
	<u>387</u>	<u>62</u>	<u>325</u>	<u>477</u>	<u>111</u>	<u>366</u>

Significant covenants for the term loans granted to the Group

In connection with the term loans agreements, the Group has agreed on the following significant covenants:

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

11. SHARE CAPITAL

Ordinary shares of RM1 each:	Group and Company	
	2000	1999
	RM'000	RM'000
Authorised	<u>50,000</u>	<u>50,000</u>
Issued and fully paid	<u>30,000</u>	<u>30,000</u>



12. RESERVES

Group	Non-distributable			
	Share Premium RM'000	Reserve on consolidation RM'000	Unappropriated profits RM'000	Total RM'000
At 1 January 1999	4,868	8,181	4,578	17,627
Amortisation of reserve on consolidation	-	(341)	-	(341)
Net profit for the year	-	-	7,618	7,618
Dividends (Note 20)	-	-	(2,100)	(2,100)
At 31 December 1999/ 1 January 2000	4,868	7,840	10,096	22,804
Goodwill arising from acquisition of subsidiary companies during the year	-	(1,433)	-	(1,433)
Amortisation of reserve on consolidation	-	(341)	-	(341)
Net profit for the year	-	-	4,645	4,645
Dividends (Note 20)	-	-	(1,512)	(1,512)
At 31 December 2000	4,868	6,066	13,229	24,163

Company	Non-distributable		
	Share Premium RM'000	Unappropriated profits RM'000	Total RM'000
At 1 January 1999	4,868	425	5,293
Net profit for the year	-	2,777	2,777
Dividends (Note 20)	-	(2,100)	(2,100)
At 31 December 1999/ 1 January 2000	4,868	1,102	5,970
Net profit for the year	-	1,729	1,729
Dividends (Note 20)	-	(1,512)	(1,512)
At 31 December 2000	4,868	1,319	6,187



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Reserve on consolidation

	Group	
	2000 RM'000	1999 RM'000
Reserve on consolidation		
At 1 January	8,522	8,522
Goodwill arising from acquisition of subsidiary companies during the year	(1,433)	-
At 31 December	7,089	8,522
Amortisation		
At 1 January	(682)	(341)
Charge for the year	(341)	(341)
At 31 December	(1,023)	(682)
	<u>6,066</u>	<u>7,840</u>

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2000, if paid out as dividends.

13. MINORITY SHAREHOLDERS' INTERESTS

This consists of minority shareholders' proportion of share capital and reserves of subsidiary companies, net of their share of subsidiary's goodwill/reserve on consolidation.

14. DEFERRED TAXATION

	Group	
	2000 RM'000	1999 RM'000
Balance at 1 January	1,104	1,120
Transfer from/(to) income statement (Note 19)	125	(16)
Balance at 31 December	<u>1,229</u>	<u>1,104</u>

Subject to agreement by the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	Group	
	2000 RM'000	1999 RM'000
Unutilised tax losses	1,201	-
Other timing differences	928	715
	<u>2,129</u>	<u>715</u>



15. OPERATING PROFIT

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue - sale of goods	116,869	93,461	-	-
- dividend income	-	-	2,695	2,680
	<u>116,869</u>	<u>93,461</u>	<u>2,695</u>	<u>2,680</u>
Cost of sales	(88,078)	(69,495)	-	-
Gross profit	28,791	23,966	2,695	2,680
Selling and distribution costs	(8,211)	(4,313)	-	-
Administrative expenses	(15,166)	(12,298)	(289)	(152)
Other operating income	1,277	895	-	-
Operating profit	<u>6,691</u>	<u>8,250</u>	<u>2,406</u>	<u>2,528</u>

Operating profit is arrived at after charging:

Auditors' remuneration	67	59	9	5
Depreciation (Note 2)	2,807	2,460	-	-
Directors' emoluments				
- remuneration	1,013	885	-	-
- fees	75	51	27	27
Expenditure carried forward written off	3	-	-	-
Inventories written down	81	-	-	-
Rental of premises	190	143	-	-
Provision for doubtful debts	159	40	-	-

and after crediting:

Amortisation of reserve on consolidation	341	341	-	-
Dividend income from subsidiary companies	-	-	2,695	2,680
Gain on disposal of property, plant and equipment	19	77	-	-
Gain on foreign exchange				
- realised	233	80	-	-
- unrealised	3	61	-	-
Provision for doubtful debts written back	7	4	-	-
Rental income	50	-	-	-

The estimated monetary value of Directors' benefits-in-kind taken up in the financial statements is RM128,000 (1999 - RM100,000).

16. EMPLOYEES INFORMATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Staff costs (including Directors' remuneration)	<u>13,419</u>	<u>10,505</u>	<u>56</u>	<u>25</u>

The number of employees of the Group and of the Company (including Directors) at the end of the year was 646 (1999 - 622) and 1 (1999 - 1) respectively.

17. FINANCING COSTS

	Group	
	2000 RM'000	1999 RM'000
Interest payable:		
Term loans	(100)	(118)
Bank overdrafts	(125)	(114)
Bankers acceptances	(505)	(401)
Hire purchase	(63)	(69)
Affiliated companies	(26)	-
Other interests	(5)	(43)
	<u>(824)</u>	<u>(745)</u>

18. INTEREST INCOME

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest receivable:				
Fixed deposits	19	264	-	246
Related company	-	-	78	-
Interest income	18	79	-	3
	<u>37</u>	<u>343</u>	<u>78</u>	<u>249</u>

19. TAX EXPENSE

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Income tax expense:				
- Current year provision	1,962	-	755	-
- Overprovision/Underprovision in prior years	(9)	246	-	-
	<u>1,953</u>	<u>246</u>	<u>755</u>	<u>-</u>
Deferred tax expense:				
Transfer from/(to) deferred tax expense (Note 14)	125	(16)	-	-
	<u>2,078</u>	<u>230</u>	<u>755</u>	<u>-</u>

The effective tax rate for the Group is higher than the statutory tax rate due to the tax charge relates to tax on profits of certain subsidiary companies, which cannot be set-off against losses of other subsidiary companies for tax purposes as group relief is not available.

The effective tax rate for the Company is higher than the statutory tax rate due to certain expenses being disallowed for income tax purposes.

There was no income tax expense for the Group and the Company in the previous year in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999.

Subject to agreement by the Inland Revenue Board, the Group has unutilised reinvestment allowance of RM909,000 (1999 - RM529,000) as at 31 December 2000.

20. DIVIDENDS

	Company	
	2000 RM'000	1999 RM'000
Paid - Interim dividend of 7% (1999 - 7%) less tax at 28% (1999 - tax exempt)	<u>1,512</u>	<u>2,100</u>

21. BASIC EARNINGS PER ORDINARY SHARE

Group

The calculation of basic earnings per ordinary share is based on the consolidated net profit for the year of RM4,645,000 (1999 – RM7,618,000) and number of ordinary shares in issue at year end of 30,000,000 (1999 – 30,000,000).

22. DIVIDEND PER ORDINARY SHARE

Group and Company

The calculation of dividend per ordinary share is based on the gross dividend of RM2,100,000 (1999 – RM2,100,000) and number of ordinary shares in issue at year end of 30,000,000 (1999 – 30,000,000).

23. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's geographical segments by location of customers.

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

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



Notes to the Financial Statements

31 December 2000

	Malaysia		Rest of the world *	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue from external customers	98,723	80,588	18,146	12,873
Inter-segment revenue	60,325	64,209	-	-
	159,048	144,797	18,146	12,873
Profit before taxation	4,920	6,727	984	1,121
Tax expense				
Profit after taxation				
Minority interests				
Profit after taxation and minority interests				
Pre-acquisition loss				
Net profit for the year				
Gross segment assets	85,547	72,222	8,114	7,459
Segment liabilities	32,733	23,037	6,587	3,840
Capital expenditure	5,326	6,877	-	-

* Rest of the world relates primarily to Asia and Middle East regions.



Eliminations		Total	
2000	1999	2000	1999
RM'000	RM'000	RM'000	RM'000
-	-	116,869	93,461
(60,325)	(64,209)	-	-
(60,325)	(64,209)	116,869	93,461
		5,904	7,848
		(2,078)	(230)
		3,826	7,618
		90	-
		3,916	7,618
		729	-
		4,645	7,618
		93,661	79,681
		39,320	26,877
		5,326	6,877



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24. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2000	1999
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of subsidiary companies.	<u>79,650</u>	<u>42,961</u>

Litigation

Group

An injunction and various claims were made against two subsidiary companies in respect of imitation products supplied to these companies. The Directors are of the opinion that there is no merit to the claims and do not expect any material losses to arise and therefore no provision is made in the financial statements.

25. COMMITMENTS

	Group	
	2000	1999
	RM'000	RM'000
Contracted but not provided for in the financial statements	<u>3,636</u>	<u>981</u>

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

Identity of related parties

The Company has a controlling related party relationship with its holding company and the substantial shareholders of the holding company.

The Company also has a related party relationship with its affiliated companies and with its Directors and key management personnel and the close member of their families.

Significant related party transactions of the Group and of the Company during the year other than that disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
With affiliated companies:				
Sales	(369)	(2,404)	-	-
Purchases	3,714	92	-	-
Interest income	(152)	(25)	-	-
Rental income	(84)	-	-	-
With a subsidiary company:				
Rental expense	-	-	4	-
With certain Directors of the Company:				
Acquisition of a subsidiary company	-	-	*	-

* Represents cash consideration of RM2.

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.

27. SIGNIFICANT EVENT DURING THE YEAR

Acquisition of subsidiary companies

- i) On 16 August 2000, the Company subscribed for 1,500,000 ordinary shares of RM1 each at par in Khind Sales & Service Sdn. Bhd. for a cash consideration of RM1,500,000. For the period since date of acquisition to 31 December 2000, the subsidiary company contributed a net profit of RM206,000 to the consolidated net profit for the year.
- ii) On 23 November 2000, the Company acquired the entire equity interest of all the shares in Khind-NES Electric Sdn. Bhd. (formerly known as Khind Lighting Industries Sdn. Bhd.) for a cash consideration of RM2. For the period since date of acquisition to 31 December 2000, the subsidiary company contributed a net loss of RM78,000 to the consolidated net profit for the year.

The acquisitions were accounted for using the acquisition method of accounting. The effects of the acquisitions are disclosed in Note A to the cash flow statements.

28. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 2 January 2001, the Company acquired the entire equity interest of Khind R & D Sdn. Bhd. from Khind Industries Sdn. Bhd., a wholly owned subsidiary company for a cash consideration of RM2.

29. COMPARATIVE FIGURES

Following the adoption of MASB Standards in the preparation of this set of financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified and/or expanded to ensure comparability with the current financial year.

