



Review of the past year

For the year under review December 31, 2003, Group revenue amounted to RM138.1 million, representing a 13 per cent decrease over the previous year. The drop was a result of slow demand during the first half of the year, as the Malaysian economy was gradually experiencing recovery. Competition was particularly intense for electrical goods, which had an impact on our sales. The decline also reflected the completion of the Group's restructuring exercise that resulted in a one-off cost investment.

Correspondingly, profit before tax dropped to RM3.9 million, a 7 per cent decrease over the previous year. Notwithstanding the lower profitability, the smaller decline was a result of better margin performance in our product lines. That said, the Group is generally pleased with the performance, and is optimistic that the economic recovery, coupled with new leadership and returning consumer confidence, will enable us to generate better revenues and improved margins in the next financial year.

Dividends

The Board of Directors announced an interim dividend of 5 per cent less tax at 28 per cent, which was paid on September 30, 2003. The total gross dividend and total net dividend paid by the Group in 2003 amounted to RM2 million and RM1.44 million, respectively.

Outlook

As we move into 2004 and beyond, Khind is well aware that it must continue to focus on increasing exports through strategic partnerships to offset margin squeeze due to heightened competition from low-cost producers in other countries. To this end, the Group has been strengthened with new brands such as Mistral, as well as changes at Chief Executive Officer (CEO) level that are aimed at augmenting our foothold in domestic and regional markets.

The ASEAN Free Trade Agreement Zone (AFTA) presents several new opportunities to Khind, allowing us to procure materials without the historically high duties.

To fully leverage our potential in the region, Khind will capitalise on its value chain of partners in Indonesia, Singapore, the Middle East, Thailand, and China.

I am confident that the Group will continue to strengthen its base, not only in Malaysia, but also in the region and beyond. Having built a solid foundation over the past 43 years, we are committed to delivering top quality products and services to our customers in many years to come.

Acknowledgement

The Board acknowledges that 2003 was a challenging year. Despite the adverse operating conditions, Khind and its group of companies remained focused on delivering the best products and services to the marketplace.

My colleagues on the Board also wish to place on record our appreciation to Khind's former Group Managing Director Dato' Cheng Hup, and Director Mr Cheng Ping Loke for their invaluable contributions over the years.

On behalf of the Board and Management, I would like to take this opportunity to extend a heartfelt thanks to all customers, dealers, suppliers, employees and shareholders for their contribution and support over the past years. We look forward to continued mutual success and benefit.