



## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2020

	As at 30-Jun-20 (Unaudited) RM'000	As at 31-Dec-19 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	99,812	87,628
Investment properties	2,483	2,507
Right of use assets	24,558	25,868
Investment in associates	23,855	22,567
Investment securities	4,206	5,332
Intangible assets	334	346
Deferred tax assets	1,631	1,563
	<u>156,879</u>	<u>145,811</u>
<b>Current assets</b>		
Inventories	185,537	189,178
Trade and other receivables	89,204	97,586
Tax recoverable	309	318
Cash and bank balances	43,701	40,364
	<u>318,751</u>	<u>327,446</u>
<b>TOTAL ASSETS</b>	<u>475,630</u>	<u>473,257</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	107,891	107,891
Treasury shares	(10,018)	(9,611)
Reserves	1,603	454
Retained earnings	174,378	167,284
<b>Equity attributable to owners of the parent</b>	<u>273,854</u>	<u>266,018</u>
<b>Non-controlling interests</b>	<u>39,878</u>	<u>37,843</u>
<b>Total equity</b>	<u>313,732</u>	<u>303,861</u>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Bank borrowings	18,596	17,295
Lease liabilities	5,071	4,699
Deferred tax liabilities	737	621
	<u>24,404</u>	<u>22,615</u>
<b>Current liabilities</b>		
Trade and other payables	47,465	52,109
Bank borrowings	85,607	90,240
Lease liabilities	2,154	2,362
Tax payable	2,268	2,070
	<u>137,494</u>	<u>146,781</u>
<b>Total liabilities</b>	<u>161,898</u>	<u>169,396</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>475,630</u>	<u>473,257</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2020 RM '000	2019 RM '000	2020 RM '000	2019 RM '000
<b>Revenue</b>	53,002	61,879	118,676	129,979
Operating expenses	(47,123)	(53,954)	(104,705)	(112,670)
Other income	1,925	588	2,071	775
<b>Operating profit</b>	7,804	8,513	16,042	18,084
Interest expense	(2,322)	(2,569)	(3,893)	(4,274)
Interest income	108	58	199	120
Share of results of associates	72	1,957	595	2,434
<b>Profit before tax</b>	5,662	7,959	12,943	16,364
Taxation	(1,830)	(2,238)	(3,800)	(5,391)
<b>Profit for the period</b>	3,832	5,721	9,143	10,973
<b>Profit attributable to:</b>				
Owners of the parent	2,848	4,638	7,094	8,731
Non-controlling interests	984	1,083	2,049	2,242
<b>Profit for the period</b>	3,832	5,721	9,143	10,973
<b>Earnings per share (“EPS”) attributable to owners of the parent (sen):</b>				
Basic EPS	1.91	3.10	4.76	5.83
Diluted EPS	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	<b>Current quarter 3 months ended 30 June</b>		<b>Cumulative quarter 6 months ended 30 June</b>	
	<b>2020 RM '000</b>	<b>2019 RM '000</b>	<b>2020 RM '000</b>	<b>2019 RM '000</b>
Profit for the period	3,832	5,721	9,143	10,973
<b>Other comprehensive income/(expenses), net of tax:</b>				
Currency translation differences arising from consolidation	9,221	1,735	3,158	1,490
Fair value movements on available for sale investments	294	(562)	(2,009)	678
<b>Total comprehensive (loss)/income for the period</b>	<b>13,347</b>	<b>6,894</b>	<b>10,292</b>	<b>13,141</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	12,363	5,811	8,243	10,899
Non-controlling interests	984	1,583	2,049	2,242
	<b>13,347</b>	<b>6,894</b>	<b>10,292</b>	<b>13,141</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

	<b>Cumulative quarter 6 months ended 30 June</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,943	16,364
Adjustments for:		
Non-cash items and non-operating items	7,344	6,195
Operating profit before working capital changes	20,287	22,559
Inventories	3,641	(4,498)
Receivables	8,382	3,475
Payables	(4,644)	2,149
Cash generated from operating activities	27,666	23,685
Interest paid	(3,893)	(4,274)
Net of tax paid	(3,478)	(4,595)
<b>Net cash from operating activities</b>	<b>20,295</b>	<b>14,816</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional of intangible assets	-	(12)
Dividend received	87	2,340
Interest received	199	120
Issue of shares to non-controlling interest	-	20
Net of purchase and disposal of investment securities	(154)	(385)
Net of purchase and disposal of property, plant and equipment	(5,963)	(2,553)
<b>Net cash used in investing activities</b>	<b>(5,831)</b>	<b>(470)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(14)	(170)
Net of repurchase of treasury shares	(407)	(479)
Net changes in bank borrowings	(3,332)	(8,309)
Net changes in lease liabilities	(92)	-
<b>Net cash used in financing activities</b>	<b>(3,845)</b>	<b>(8,958)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>10,616</b>	<b>5,388</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>34,929</b>	<b>28,177</b>
Effect of foreign exchange rates changes	(4,389)	(903)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>41,156</b>	<b>32,662</b>
<b>CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:</b>		
Cash and bank balances	43,701	39,764
Overdrafts	(2,545)	(7,102)
	<b>41,156</b>	<b>32,662</b>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**

(RM'000)	----- Non-Distributable -----					----- Distributable -----		Non-controlling interests	Total equity
	----- Attributable to owners of the parent -----								
	Share capital	Treasury shares	Capital reserve	Currencies translation reserve	Fair value reserve	Retained earnings	Total		
<b>Balance as at 1 January 2019</b>	107,859	(8,821)	892	1,747	(5,159)	150,185	246,703	32,871	279,574
Purchase of treasury shares	-	(755)	-	-	-	-	(755)	-	(755)
Resold of treasury shares	32	244	-	-	-	-	276	-	276
Changes in equity	-	-	-	-	-	-	-	20	20
Dividend paid	-	-	-	-	-	-	-	(170)	(170)
Total comprehensive income for the period	-	-	-	1,490	678	8,731	10,899	2,242	13,141
<b>Balance as at 30 June 2019</b>	107,891	(9,332)	892	3,237	(4,481)	158,916	257,123	34,963	292,086
<b>Balance as at 1 January 2020</b>	107,891	(9,611)	892	3,233	(3,671)	167,284	266,018	37,843	303,861
Purchase of treasury shares	-	(407)	-	-	-	-	(407)	-	(407)
Dividend paid	-	-	-	-	-	-	-	(14)	(14)
Total comprehensive income/(loss) for the period	-	-	-	3,158	(2,009)	7,094	8,243	2,049	10,292
<b>Balance as at 30 June 2020</b>	107,891	(10,018)	892	6,391	(5,680)	174,378	273,854	39,878	313,732

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**NOTES TO THE INTERIM FINANCIAL REPORT**
**- SELECTED EXPLANATORY NOTES UNDER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 – INTERIM FINANCIAL REPORTING**
**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in compliance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

**A2 Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2019 save for the following new MFRSs and amendments to MFRSs.

<b>Description</b>	<b>Effective dates for financial periods beginning on or after</b>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current	1 January 2022
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs and amendments to MFRSs when they become effective.

The adoption of the above standards and interpretations do not have material impact to the financial statements of the Group upon their initial application.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**A3 Seasonal or cyclical factors**

The Group performance is not materially affected by seasonal or cyclical factors.

**A4 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date.

**A5 Changes in estimates**

There were no changes in estimates that have material effect in the current quarter and financial period-to-date results.

**A6 Debt and equity securities**

There were no issuances and repayments of debt and equity securities during financial period ended 30 June 2020 save for shares buy back.

At the Annual General Meeting held on 28 July 2020, the Company's shareholders approved the renewal of authority to repurchase its own shares. During the financial period ended 30 June 2020, the Company repurchased of 328,500 own shares.

As at 30 June 2020, a total of 9,716,410 treasury shares, representing 6.12% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM10.018 million.

**A7 Dividend paid**

A final single tier dividend of 3.0 sen per share amounted RM4.471 million in respect of the financial year ended 31 December 2019 was paid on 18 August 2020.

**A8 Material post balance sheet events**

There were no material events subsequent to the end of the financial period ended 30 June 2020 as at the date of this report.

**A9 Changes in the composition of the Group**

There were no changes in the composition of the Group during the financial period ended 30 June 2020 save for on 25 June 2020, Unimech Engineering (J.B.) Sdn. Bhd., a wholly-owned subsidiary of the Company has acquired 14.45% of equity interest in Unimech Engineering Group (Thailand) Co. Ltd. ("UEG") for total consideration of THB5,000,000 (equivalent to RM693,500) ("the Acquisition"). Subsequent to the Acquisition, the total indirect equity interest owned by the Group in UEG shall be 49.0%.

**A10 Changes in contingent liabilities or contingent assets**

There were no material changes in the contingent liabilities for the Group since the last financial year ended 31 December 2019.

**A11 Capital commitments**

No material capital commitments as at 30 June 2020.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**NOTES TO THE INTERIM FINANCIAL REPORT**
**- ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**
**B1 Financial review for current quarter and financial period-to-date**

	Individual Period			Cumulative Period		
	Current Period Quarter 30-Jun-20 RM'000	Preceding Year Corresponding Quarter 30-Jun-19 RM'000	Changes RM'000 / %	Current Period to Date 30-Jun-20 RM'000	Preceding Year Corresponding Period 30-Jun-19 RM'000	Changes RM'000 / %
Revenue	53,002	61,879	(8,877) / (14.3%)	118,676	129,979	(11,303) / (8.7%)
Profit before tax	5,662	7,959	(2,297) / (28.9%)	12,943	16,364	(3,421) / (20.9%)

**Current quarter**

The Group reported a revenue of RM53.002 million for the current quarter ended 30 June 2020 which was RM8.887 million or 14.3% lower as compared to the preceding year corresponding quarter ended 30 June 2019 of RM61.879 million. A lower revenue was reported in current quarter ended 30 June 2020 as compared to preceding year corresponding quarter was due to soft demand in core business of valves, instruments and fittings ("VIF") particularly in Malaysia market which was caused by Movement Control Order ("MCO") as a result of Covid-19 pandemic. The drop in Malaysia market nevertheless has been mitigated by higher demand in Indonesia and Thailand markets.

The Group recorded a profit before tax of RM5.662 million for the current quarter which was RM2.297 million or 28.9% lower as compared to the preceding year corresponding quarter of RM7.959 million. The decrease in profit before tax was due to lower revenue and lesser share of results of associates.

**Financial period-to-date**

The Group reported revenue of RM118.676 million for the financial period ended 30 June 2020, representing a decrease of 8.7% as compared to previous financial period ended 30 June 2019 of RM129.979 million. The decrease in revenue was due principally to the decrease in demand of VIF and pumps business segments.

In tandem with the decrease in revenue, the profit before tax for financial period ended 30 June 2020 reduced by 20.9% to RM12.943 million as compared to last financial period ended 30 June 2019 of RM16.364 million.

**B2 Financial review for current quarter compared with immediate preceding quarter**

	Current Quarter 30-Jun-20 RM'000	Immediate Preceding Quarter 31-Mar-20 RM'000	Changes RM'000 / %
Revenue	53,002	65,674	(12,672) / (19.3%)
Profit before tax	5,662	7,281	(1,619) / (22.2%)

The revenue for the current quarter ended 30 June 2020 decreased by 19.3% or RM12.672 million as compared to preceding quarter. The lower revenue was mainly due to soft demand from core business of VIF particularly in Malaysia market in the current quarter which was due to MCO. The profit before tax decreased by 22.2% or RM1.619 million was due to the decrease in revenue coupled with higher finance costs and lower share of results of associates.

**B3 Overall review of group's financial performance**

No material changes of the major components of the statement of profit and loss and other comprehensive income, statement of financial position as well as statement of cash flow reported by the Group for the period ended 30 June 2020 compared to preceding year corresponding period ended 30 June 2019.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B4 Segment information**
**By business segment as at 30 June 2020**

	Valves, instruments and fittings RM'000	Electronic RM'000	Pumps RM'000	All others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	96,042	6,360	8,742	7,532	-	118,676
Inter-segment revenue	12,382	3,460	1,457	18	(17,317)	-
<b>Total revenue</b>	<b>108,424</b>	<b>9,820</b>	<b>10,199</b>	<b>7,550</b>	<b>(17,317)</b>	<b>118,676</b>
<b>Segment results</b>	<b>14,549</b>	<b>389</b>	<b>550</b>	<b>704</b>	<b>(150)</b>	<b>16,042</b>
Interest expense						(3,893)
Interest income						199
Share of results of associates						595
Profit before tax						12,943
Tax expense						(3,800)
Profit after tax						9,143
Non-controlling interests						(2,049)
Profit attributable to owners of the parent for financial period ended 30 June 2020						<u>7,094</u>
Segment assets	539,862	17,436	28,358	98,771	(208,797)	475,630
Segment liabilities	165,838	22,815	14,213	87,779	(128,747)	161,898

**By business segment as at 30 June 2019**

	Valves, instruments and fittings RM'000	Electronic RM'000	Pumps RM'000	All others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	103,689	5,719	11,604	8,967	-	129,979
Inter-segment revenue	27,790	1,727	1,544	115	(31,176)	-
<b>Total revenue</b>	<b>131,479</b>	<b>7,446</b>	<b>13,148</b>	<b>9,082</b>	<b>(31,176)</b>	<b>129,979</b>
<b>Segment results</b>	<b>17,008</b>	<b>(4)</b>	<b>676</b>	<b>904</b>	<b>(500)</b>	<b>18,084</b>
Interest expense						(4,274)
Interest income						120
Share of results of associates						2,434
Profit before tax						16,364
Tax expense						(5,391)
Profit after tax						10,973
Non-controlling interests						(2,242)
Profit attributable to owners of the parent for financial period ended 30 June 2019						<u>8,731</u>
Segment assets	535,766	16,675	23,881	97,190	(217,940)	455,572
Segment liabilities	178,186	22,182	10,463	87,341	(134,686)	163,486



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**B5 Commentary on prospects for 2020**

The business activities and economy in Malaysia and countries that the Group has operation are expected to be negatively impacted by the Covid-19 pandemic for year 2020. Amid the challenges faced, the Group remains focused to meet market demand for the valves, instruments and fittings. At the same time, the Group will continue with its competitive strategies to strengthen and grow further on its own brands to enhance its market positioning and concentrate on improving its operations efficiency and expand the products range by working with the strategic shareholder, KITZ Corporation.

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group shall report a profitable performance for the financial year ending 31 December 2020.

**B6 Profit forecast**

Not applicable as no profit forecast was published.

**B7 Income tax expense**

	<b>Current quarter 3 months ended 30-Jun-20 RM'000</b>	<b>Cumulative quarters 6 months ended 30-Jun-20 RM'000</b>
Current period provision	2,016	3,752
Deferred tax	(186)	48
	<u>1,830</u>	<u>3,800</u>

The effective tax rate for the current quarter and the cumulative quarters are higher than the statutory tax rate was due to non-tax allowable expenses and losses of certain subsidiary companies cannot be used to offset against profit of other companies in the Group.

**B8 Status of corporate proposals and status of utilisation of proceeds raised**

There was no corporate proposal being carried out during the period under review.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B9 Group borrowings and debt securities**
**Total borrowings as at 30 June 2020**

	Long term		Short term		Total borrowings	
	Foreign Currencies '000	Ringgit Malaysia '000	Foreign Currencies '000	Ringgit Malaysia '000	Foreign Currencies '000	Ringgit Malaysia '000
<b>Secured</b>						
<i>Ringgit Malaysia @ 1.000</i>						
Bank overdrafts	-	-	-	2,545	-	2,545
Revolving credits	-	-	-	29,760	-	29,760
Term loans	-	18,338	-	1,775	-	20,113
Trade lines	-	-	-	14,332	-	14,332
	-	18,338	-	48,412	-	66,750
<i>Indonesia Rupiah @ 0.0003</i>						
Term loans	860,370	258	361,928	108	1,222,298	366
Revolving credits	-	-	112,913,234	33,874	112,913,234	33,874
	860,370	258	113,275,162	33,982	114,135,532	34,240
<b>Total secured</b>		<b>18,596</b>		<b>82,394</b>		<b>100,990</b>
<b>Unsecured</b>						
<i>Indonesia Rupiah @ 0.0003</i>						
Revolving credits	-	-	10,011,400	3,003	10,011,400	3,003
<i>Thai Baht @ 0.138727</i>						
Trade lines	-	-	1,511	210	1,511	210
<b>Total unsecured</b>		<b>-</b>		<b>3,213</b>		<b>3,213</b>
<b>Total borrowings</b>		<b>18,596</b>		<b>85,607</b>		<b>104,203</b>

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B9 Group borrowings and debt securities (continue)**
**Total borrowings as at 30 June 2019**

	Long term		Short term		Total borrowings	
	Foreign Currencies '000	Ringgit Malaysia '000	Foreign Currencies '000	Ringgit Malaysia '000	Foreign Currencies '000	Ringgit Malaysia '000
<b>Secured</b>						
<i>Ringgit Malaysia @ 1.000</i>						
Bank overdrafts	-	-	-	7,102	-	7,102
Hire purchases	-	2,353	-	1,260	-	3,613
Revolving credits	-	-	-	37,151	-	37,151
Term loans	-	12,448	-	1,606	-	14,054
Trade lines	-	-	-	13,318	-	13,318
	-	14,801	-	60,437	-	75,238
<i>Singapore Dollar @ 3.0563</i>						
Hire purchases	39	120	16	50	55	170
<i>Indonesia Rupiah @ 0.00029</i>						
Hire purchases	776,012	225	599,227	174	1,735,239	399
Term loans	1,223,290	355	1,229,068	356	2,452,358	711
Revolving credits	-	-	96,000,000	27,840	96,000,000	27,840
	1,999,302	580	97,828,295	28,370	99,827,597	28,950
<b>Total secured</b>		<b>15,501</b>		<b>88,857</b>		<b>104,358</b>
<b>Unsecured</b>						
<i>Indonesia Rupiah @ 0.00029</i>						
Revolving credits	-	-	17,476,900	5,068	17,476,900	5,068
<i>Thai Baht @ 0.134773</i>						
Trade lines	-	-	10,492	1,414	10,492	1,414
<b>Total unsecured</b>		-		<b>6,482</b>		<b>6,482</b>
<b>Total borrowings</b>		<b>15,501</b>		<b>95,339</b>		<b>110,840</b>

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

**B11 Changes in material litigation**

The Group is not engaged in any material litigation as at the date of this report.

**B12 Dividend**

No interim dividend has been declared for the financial period ended 30 June 2020.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B13 Earnings per share (“EPS”)**
**Basic EPS**

The basic EPS had been calculated by dividing the Group’s profit for the year attributable to owner of the parent by the weighted average number of shares in issue.

	<b>Current quarter 3 months ended 30-Jun-20</b>	<b>Cumulative quarters 6 months ended 30-Jun-20</b>
Profit for the period (RM’000)	3,832	9,143
Profit attributable to non-controlling interests (RM’000)	(984)	(2,049)
<b>Profit attributable to owners of the parent (RM’000)</b>	<u>2,848</u>	<u>7,094</u>
<b>Weighted average number of ordinary shares in issue (’000)</b>	<u>149,052</u>	<u>149,150</u>
<b>Basic EPS (sen)</b>	1.91	4.76

**Diluted EPS**

The diluted EPS is not presented due to anti-dilutive of the potentials on the ordinary shares.

**B14 Auditors’ report on preceding annual financial statements**

The auditors’ report of the annual financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

**B15 Notes to Condensed Consolidated Income Statements on Other Income/Expenses**

	<b>Current quarter 3 months ended 30-Jun-20 RM’000</b>	<b>Cumulative quarter 6 months ended 30-Jun-20 RM’000</b>
<b>Profit before tax is arrived at after charging/(crediting):-</b>		
Allowance for impairment of inventories	300	600
Depreciation & amortisation	1,699	3,525
Dividend income	(80)	(87)
Gain on disposal of property, plant & equipment	(24)	(39)
Interest expense	2,322	3,893
Interest income	(108)	(199)
Loss/(Gain) on disposal of investment securities	(32)	24
Loss/(Gain) on foreign exchange – realised	(300)	481
Rental income	<u>192</u>	<u>254</u>



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**B16 Foreign Exchange Exposure**

The Group incurs foreign currency risk on transactions that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the United States Dollar, Chinese Renmimbi, and Euro. The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply nature hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the Management.

**B17 Trade Receivables**

- i. Trade receivables are non-interest bearing and are generally on 30 days to 120 days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- ii. Analysis of the trade receivables ageing is as follow:

	<b>As at 30-Jun-20 (Unaudited) RM'000</b>	<b>As at 31-Dec-19 (Audited) RM'000</b>
Neither past due nor impaired	31,165	39,982
<u>Pass due but not impaired</u>		
Less than 30 days	10,792	13,845
31 days to 60 days	9,916	12,721
More than 61 days	7,194	9,230
	<u>27,902</u>	<u>35,796</u>
	59,067	75,778
Impaired	<u>5,114</u>	<u>5,114</u>
	<u>64,181</u>	<u>80,892</u>

As at 30 June 2020, trade receivables of RM27.902 million were past due but not impaired. These related to a number of independent customers from whom there is no recent history of default. The management is in an opinion that all the trade receivables are collectible. Thus, no further impairment is required.

- iii. No material of impairment in trade receivables was recognised during the financial period ended 30 June 2020.

**B18 Impairment of Assets**

No material impairment of assets recognised as a loss in the statement of profit and loss and other comprehensive income for the financial period ended 30 June 2020.

By order of the Board

Dato' Seri Lim Cheah Chooi  
Chief Executive Director

**Dated this 26 August 2020**