



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	As at 30-Sept-20 (Unaudited) RM'000	As at 31-Dec-19 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	95,497	87,628
Investment properties	2,475	2,507
Right of use assets	23,903	25,868
Investment in associates	23,775	22,567
Investment securities	3,955	5,332
Intangible assets	337	346
Deferred tax assets	1,552	1,563
	<u>151,494</u>	<u>145,811</u>
Current assets		
Inventories	180,635	189,178
Trade and other receivables	98,447	97,586
Tax recoverable	204	318
Cash and bank balances	40,279	40,364
	<u>319,565</u>	<u>327,446</u>
TOTAL ASSETS	<u>471,059</u>	<u>473,257</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	107,891	107,891
Treasury shares	(10,203)	(9,611)
Reserves	(3,809)	454
Retained earnings	175,944	167,284
Equity attributable to owners of the parent	<u>269,823</u>	<u>266,018</u>
Non-controlling interests	<u>40,254</u>	<u>37,843</u>
Total equity	<u>310,077</u>	<u>303,861</u>
Liabilities		
Non-Current Liabilities		
Bank borrowings	18,499	17,295
Lease liabilities	4,704	4,699
Deferred tax liabilities	753	621
	<u>23,956</u>	<u>22,615</u>
Current liabilities		
Trade and other payables	45,703	52,109
Bank borrowings	84,316	90,240
Lease liabilities	2,038	2,362
Tax payable	4,969	2,070
	<u>137,026</u>	<u>146,781</u>
Total liabilities	<u>160,982</u>	<u>169,396</u>
TOTAL EQUITY AND LIABILITIES	<u>471,059</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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2020 RM '000	2019 RM '000	2020 RM '000	2019 RM '000
Revenue	71,769	73,711	190,445	203,690
Operating expenses	(60,046)	(62,472)	(164,751)	(175,142)
Other income	1,134	65	3,205	840
Operating profit	12,857	11,304	28,899	29,388
Interest expense	(2,020)	(1,943)	(5,913)	(6,217)
Interest income	288	65	487	185
Share of results of associates	225	953	820	3,387
Profit before tax	11,350	10,379	24,293	26,743
Taxation	(3,887)	(2,949)	(7,687)	(8,340)
Profit for the period	7,463	7,430	16,606	18,403
Profit attributable to:				
Owners of the parent	5,881	6,371	12,975	15,102
Non-controlling interests	1,582	1,059	3,631	3,301
Profit for the period	7,463	7,430	16,606	18,403
Earnings per share (“EPS”) attributable to owners of the parent (sen):				
Basic EPS	3.95	4.26	8.70	10.09
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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2020 RM '000	2019 RM '000	2020 RM '000	2019 RM '000
Profit for the period	7,463	7,430	16,606	18,403
Other comprehensive income/(expenses), net of tax:				
Currency translation differences arising from consolidation	(5,088)	1,767	(1,930)	3,257
Fair value movements on available for sale investments	(324)	484	(2,333)	1,162
Total comprehensive income for the period	2,051	9,681	12,343	22,822
Total comprehensive income attributable to:				
Owners of the parent	469	8,622	8,712	19,521
Non-controlling interests	1,582	1,059	3,631	3,301
	2,051	9,681	12,343	22,822

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Cumulative quarter 9 months ended 30 September	
	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,293	26,743
Adjustments for:		
Depreciation and amortisation	5,241	4,674
Other non-cash items and non-operating items	3,061	1,724
Operating profit before working capital changes	32,595	33,141
Inventories	8,543	(1,979)
Receivables	(861)	1,843
Payables	(6,407)	(3,164)
Cash generated from operating activities	33,870	29,841
Interest paid	(5,913)	(6,217)
Net of tax paid	(4,248)	(6,230)
Net cash from operating activities	23,709	17,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional of intangible assets	-	(5)
Dividend received	87	2,537
Interest received	487	185
Net of changes of investment in subsidiaries and associates	-	280
Net of purchase and disposal of investment securities	75	(332)
Net of purchase and disposal of property, plant and equipment	(6,612)	(3,508)
Net cash used in investing activities	(5,963)	(843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5,691)	(4,031)
Net of repurchase of treasury shares	(592)	(479)
Net changes in bank borrowings	(4,720)	(9,247)
Net changes in lease liabilities	(319)	-
Net cash used in financing activities	(11,322)	(13,757)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,424	2,794
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	34,929	28,177
Effect of foreign exchange rates changes	(4,840)	3,236
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	36,513	34,207
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	40,279	37,002
Overdrafts	(3,766)	(2,795)
	36,513	34,207

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

(RM'000)	Non-Distributable			Distributable			Total	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			
Balance as at 1 January 2019	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	-	-	-	-	-	(3,441)	(3,441)	(590)	(4,031)
Total comprehensive income for the period	-	-	-	3,257	1,162	15,102	19,521	3,301	22,822
Balance as at 30 September 2019	107,891	(9,332)	892	5,004	(3,997)	161,846	262,304	35,602	297,906
Balance as at 1 January 2020	107,891	(9,611)	892	3,233	(3,671)	167,284	266,018	37,843	303,861
Purchase of treasury shares	-	(592)	-	-	-	-	(592)	-	(592)
De-register of subsidiary	-	-	-	-	-	156	156	-	156
Dividend paid	-	-	-	-	-	(4,471)	(4,471)	(1,220)	(5,691)
Total comprehensive income/(loss) for the period	-	-	-	(1,930)	(2,333)	12,975	8,712	3,631	12,343
Balance as at 30 September 2020	107,891	(10,203)	892	1,303	(6,004)	175,944	269,823	40,254	310,077

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 THIRD QUARTER ENDED 30 SEPTEMBER 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.

Description	Effective dates for financial periods beginning on or after
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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 2020, the Company repurchased of 490,800 own shares.

As at 30 September 2020, a total of 9,878,710 treasury shares, representing 6.22% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM10.203 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 September 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 September 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 September 2020.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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-Sept-20 RM'000	Preceding Year Corresponding Quarter 30-Sept-19 RM'000	Changes RM'000 / %	Current Period to Date 30-Sept-20 RM'000	Preceding Year Corresponding Period 30-Sept-19 RM'000	Changes RM'000 / %
Revenue	71,769	73,711	(1,942) / (2.6%)	190,445	203,690	(13,245) / (6.5%)
Profit before tax	11,350	10,379	971 / 9.4%	24,293	26,743	(2,450) / (9.2%)

Current quarter

The Group reported a revenue of RM71.769 million for the current quarter ended 30 September 2020 which was RM1.942 million or 2.6% lower as compared to the preceding year corresponding quarter ended 30 September 2019 of RM73.711 million. A lower revenue was reported in current quarter ended 30 September 2020 as compared to preceding year corresponding quarter was due to lower demand in core business of valves, instruments and fittings (“VIF”). However, the drop in VIF has been lightened by higher demand in pump business segment.

The Group recorded a profit before tax of RM11.350 million for the current quarter which was RM0.971 million or 9.4% higher as compared to the preceding year corresponding quarter of RM10.379 million. The increase in profit before tax even though decrease in revenue was due to lower expenses incurred coupled with higher other income received.

Financial period-to-date

The Group reported revenue of RM190.445 million for the financial period ended 30 September 2020, representing a decrease of 6.5% as compared to previous financial period ended 30 September 2019 of RM203.690 million. The decrease in revenue was due principally to soft demand in 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 market.

In tandem with the decrease in revenue, the profit before tax for financial period ended 30 September 2020 reduced by 9.2% to RM24.293 million as compared to last financial period ended 30 September 2019 of RM26.743 million. A lower share of results of associates in current financial period also contributed to a lower profit.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B2 Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30-Sept-20 RM'000	Immediate Preceding Quarter 30-Jun-20 RM'000	Changes RM'000 / %
Revenue	71,769	53,002	18,767 / 35.4%
Profit before tax	11,350	5,662	5,688 / 100.5%

The revenue for the current quarter ended 30 September 2020 increased by 35.4% or RM18.767 million as compared to preceding quarter. The lower revenue in preceding quarter was mainly due to soft demand in all business segments particularly in Malaysia market which was due to MCO compared to current quarter. The profit before tax in current quarter increased by 100.5% or RM5.688 million was in line with the increase in revenue.

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 September 2020 compared to preceding year corresponding period ended 30 September 2019.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
B4 Segment information
By business segment as at 30 September 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	150,311	9,800	16,486	13,848	-	190,445
Inter-segment revenue	23,313	4,926	2,436	37	(30,712)	-
Total revenue	173,624	14,726	18,922	13,885	(30,712)	190,445
Segment results	25,592	94	1,544	1,819	(150)	28,899
Interest expense						(5,913)
Interest income						487
Share of results of associates						820
Profit before tax						24,293
Tax expense						(7,687)
Profit after tax						16,606
Non-controlling interests						(3,631)
Profit attributable to owners of the parent for financial period ended 30 September 2020						<u>12,975</u>
Segment assets	535,022	16,841	30,371	100,012	(211,187)	471,059
Segment liabilities	168,233	22,642	16,283	87,264	(133,440)	160,982

By business segment as at 30 September 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	162,330	9,764	17,917	13,679	-	203,690
Inter-segment revenue	43,375	3,232	2,272	166	(49,045)	-
Total revenue	205,705	12,996	20,189	13,845	(49,045)	203,690
Segment results	28,014	302	1,332	240	(500)	29,388
Interest expense						(6,217)
Interest income						185
Share of results of associates						2,434
Profit before tax						26,743
Tax expense						(8,340)
Profit after tax						18,403
Non-controlling interests						(3,301)
Profit attributable to owners of the parent for financial period ended 30 September 2019						<u>15,102</u>
Segment assets	538,298	16,287	24,714	98,068	(221,082)	456,285
Segment liabilities	173,832	21,423	11,395	88,120	(136,391)	158,379



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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.

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

	Current quarter 3 months ended 30-Sept-20 RM'000	Cumulative quarters 9 months ended 30-Sept-20 RM'000
Current period provision	3,792	7,544
Deferred tax	<u>95</u>	<u>143</u>
	<u>3,887</u>	<u>7,687</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 THIRD QUARTER ENDED 30 SEPTEMBER 2020
B9 Group borrowings and debt securities
Total borrowings as at 30 September 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
Secured						
<i>Ringgit Malaysia @ 1.000</i>						
Bank overdrafts	-	-	-	3,766	-	3,766
Revolving credits	-	-	-	29,854	-	29,854
Term loans	-	18,283	-	1,892	-	20,175
Trade lines	-	-	-	13,683	-	13,683
	-	18,283	-	49,195	-	67,478
<i>Indonesia Rupiah @ 0.000279</i>						
Term loans	774,976	216	361,928	101	1,136,904	317
Revolving credits	-	-	114,113,252	31,838	114,113,252	31,838
	774,976	216	114,475,180	31,939	115,250,156	32,155
Total secured		18,499		81,134		99,633
Unsecured						
<i>Indonesia Rupiah @ 0.000279</i>						
Revolving credits	-	-	10,442,600	2,913	10,442,600	2,913
<i>Thai Baht @ 0.131213</i>						
Trade lines	-	-	2,052	269	2,052	269
Total unsecured		-		3,182		3,182
Total borrowings		18,499		84,316		102,815

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
B9 Group borrowings and debt securities (continue)
Total borrowings as at 30 September 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
Secured						
<i>Ringgit Malaysia @ 1.000</i>						
Bank overdrafts	-	-	-	2,795	-	2,795
Hire purchases	-	2,062	-	1,340	-	3,402
Revolving credits	-	-	-	37,012	-	37,012
Term loans	-	12,505	-	1,628	-	14,133
Trade lines	-	-	-	13,492	-	13,492
	-	14,567	-	56,267	-	70,834
<i>Singapore Dollar @ 3.0304</i>						
Hire purchases	36	109	16	49	52	158
<i>Indonesia Rupiah @ 0.000295</i>						
Hire purchases	1,236,540	365	819,536	242	2,056,076	607
Term loans	1,138,450	336	331,247	98	1,469,697	434
Revolving credits	-	-	97,000,000	28,615	97,000,000	28,615
	2,374,990	701	98,150,783	28,955	100,525,773	29,656
Total secured		15,377		85,271		100,648
Unsecured						
<i>Indonesia Rupiah @ 0.000295</i>						
Revolving credits	-	-	21,451,674	6,328	21,451,674	6,328
<i>Thai Baht @ 0.137018</i>						
Trade lines	-	-	21,358	2,926	21,358	2,926
Total unsecured		-		9,254		9,254
Total borrowings		15,377		94,525		109,902

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

The Board of Directors proposed an interim single tier dividend of 1.5 sen per share in respect of the financial year ending 31 December 2020. The proposed dividend payment is amounting to RM2.231 million based on issued and paid-up capital as at 20 November 2020 of 148,764,000 shares (excluding treasury shares held by the Company).



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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.

	Current quarter 3 months ended 30-Sept-20	Cumulative quarters 9 months ended 30-Sept-20
Profit for the period (RM’000)	7,463	16,606
Profit attributable to non-controlling interests (RM’000)	(1,582)	(3,631)
Profit attributable to owners of the parent (RM’000)	5,881	12,975
Weighted average number of ordinary shares in issue (’000)	148,994	149,098
Basic EPS (sen)	3.95	8.70

Diluted EPS

Not applicable as there are no dilutive potential 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

	Current quarter 3 months ended 30-Sept-20 RM’000	Cumulative quarter 9 months ended 30-Sept-20 RM’000
Profit before tax is arrived at after charging/(crediting):-		
Allowance for impairment of inventories	300	900
Depreciation & amortisation	1,716	5,241
Dividend income	-	(87)
Gain on disposal of investment securities	(93)	(69)
(Gain)/Loss on disposal of property, plant & equipment	5	(34)
Interest expense	2,020	5,913
Interest income	(288)	(487)
Loss on foreign exchange – realised	241	722
Rental income	(192)	(446)



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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:

	As at 30-Sept-20 (Unaudited) RM'000	As at 31-Dec-19 (Audited) RM'000
Neither past due nor impaired	35,456	39,982
<u>Pass due but not impaired</u>		
Less than 30 days	12,278	13,845
31 days to 60 days	11,281	12,721
More than 61 days	8,185	9,230
	<u>31,744</u>	<u>35,796</u>
	67,200	75,778
Impaired	5,114	5,114
	<u>72,314</u>	<u>80,892</u>

As at 30 September 2020, trade receivables of RM31.744 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 September 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 September 2020.

By order of the Board

Dato' Seri Lim Cheah Chooi
Chief Executive Director

Dated this 25 November 2020