



## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2020

|  | As at<br>31-Mar-20<br>(Unaudited)<br>RM'000 | As at<br>31-Dec-19<br>(Audited)<br>RM'000 |
|--|---|---|
| <b>ASSETS</b>                                      |   |   |
| <b>Non-current assets</b>                          |   |   |
| Property, plant and equipment                      | 92,223                                      | 87,628                                    |
| Investment properties                              | 2,496                                       | 2,507                                     |
| Right of use assets                                | 25,213                                      | 25,868                                    |
| Investment in associates                           | 22,965                                      | 22,567                                    |
| Investment securities                              | 2,902                                       | 5,332                                     |
| Intangible assets                                  | 342   | 346                                       |
| Deferred tax assets                                | 1,407                                       | 1,563                                     |
|  | <u>147,548</u>                              | <u>145,811</u>                            |
| <b>Current assets</b>                              |   |   |
| Inventories  | 174,294                                     | 189,178                                   |
| Trade and other receivables                        | 89,624                                      | 97,586                                    |
| Tax recoverable                                    | 181   | 318                                       |
| Cash and bank balances                             | 42,000                                      | 40,364                                    |
|  | <u>306,100</u>                              | <u>327,446</u>                            |
| <b>TOTAL ASSETS</b>                                | <u>453,648</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   | (7,912)                                     | 454                                       |
| Retained earnings                                  | 171,530                                     | 167,284                                   |
| <b>Equity attributable to owners of the parent</b> | <u>261,491</u>                              | <u>266,018</u>                            |
| <b>Non-controlling interests</b>                   | <u>38,908</u>                               | <u>37,843</u>                             |
| <b>Total equity</b>                                | <u>300,399</u>                              | <u>303,861</u>                            |
| <b>Liabilities</b>                                 |   |   |
| <b>Non-Current Liabilities</b>                     |   |   |
| Bank borrowings                                    | 18,668                                      | 17,295                                    |
| Lease liabilities                                  | 4,888                                       | 4,699                                     |
| Deferred tax liabilities                           | 699   | 621                                       |
|  | <u>24,255</u>                               | <u>22,615</u>                             |
| <b>Current liabilities</b>                         |   |   |
| Trade and other payables                           | 42,811                                      | 52,109                                    |
| Bank borrowings                                    | 82,867                                      | 90,240                                    |
| Lease liabilities                                  | 2,138                                       | 2,362                                     |
| Tax payable  | 1,178                                       | 2,070                                     |
|  | <u>128,994</u>                              | <u>146,781</u>                            |
| <b>Total liabilities</b>                           | <u>153,249</u>                              | <u>169,396</u>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <u>453,648</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 FIRST QUARTER ENDED 31 MARCH 2020****CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

|   | <b>Current quarter<br/>3 months ended<br/>31 March</b> |                         | <b>Cumulative quarter<br/>3 months ended<br/>31 March</b> |                         |
|---|--|-------------------------|---|-------------------------|
|   | <b>2020<br/>RM '000</b>                                | <b>2019<br/>RM '000</b> | <b>2020<br/>RM '000</b>                                   | <b>2019<br/>RM '000</b> |
| <b>Revenue</b>  | 65,674   | 68,100                  | 65,674  | 68,100                  |
| Operating expenses  | (57,582)   | (58,716)                | (57,582)  | (58,716)                |
| Other income  | 146  | 187                     | 146   | 187                     |
| <b>Operating profit</b>   | <b>8,238</b>   | <b>9,571</b>            | <b>8,238</b>  | <b>9,571</b>            |
| Interest expense  | (1,571)  | (1,705)                 | (1,571)   | (1,705)                 |
| Interest income   | 91   | 62                      | 91  | 62                      |
| Share of results of associates  | 523  | 477                     | 523   | 477                     |
| <b>Profit before tax</b>  | <b>7,281</b>   | <b>8,405</b>            | <b>7,281</b>  | <b>8,405</b>            |
| Taxation  | (1,970)  | (3,153)                 | (1,970)   | (3,153)                 |
| <b>Profit for the period</b>  | <b>5,311</b>   | <b>5,252</b>            | <b>5,311</b>  | <b>5,252</b>            |
| <b>Profit attributable to:</b>  |  |                         |   |                         |
| Owners of the parent  | 4,246  | 4,093                   | 4,246   | 4,093                   |
| Non-controlling interests   | 1,065  | 1,159                   | 1,065   | 1,159                   |
| <b>Profit for the period</b>  | <b>5,311</b>   | <b>5,252</b>            | <b>5,311</b>  | <b>5,252</b>            |
| <b>Earnings per share (“EPS”) attributable to owners<br/>of the parent (sen):</b> |  |                         |   |                         |
| Basic EPS   | 2.84   | 2.73                    | 2.84  | 2.73                    |
| 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 FIRST QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

|   | Current quarter<br>3 months ended<br>31 March |                 | Cumulative quarter<br>3 months ended<br>31 March |                 |
|---|---|-----------------|--|-----------------|
|   | 2020<br>RM '000                               | 2019<br>RM '000 | 2020<br>RM '000                                  | 2019<br>RM '000 |
| Profit for the period                                       | 5,311   | 5,252           | 5,311  | 5,252           |
| <b>Other comprehensive income/(expenses), net of tax:</b>   |   |                 |  |                 |
| Currency translation differences arising from consolidation | (6,063)                                       | (245)           | (6,063)  | (245)           |
| Fair value movements on available for sale investments      | (2,303)                                       | 1,240           | (2,303)  | 1,240           |
| <b>Total comprehensive (loss)/income for the period</b>     | <b>(3,055)</b>                                | <b>6,247</b>    | <b>(3,055)</b>                                   | <b>6,247</b>    |
| <b>Total comprehensive (loss)/income attributable to:</b>   |   |                 |  |                 |
| Owners of the parent  | (4,120)                                       | 5,088           | (4,120)  | 5,088           |
| Non-controlling interests                                   | 1,065   | 1,159           | 1,065  | 1,159           |
|   | <b>(3,055)</b>                                | <b>6,247</b>    | <b>(3,055)</b>                                   | <b>6,247</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 FIRST QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

|   | Cumulative quarter<br>3 months ended<br>31 March |                |
|---|--|----------------|
|   | 2020<br>RM'000                                   | 2019<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |  |                |
| Profit before tax   | 7,281  | 8,405          |
| Adjustments for:  |  |                |
| Non-cash items and non-operating items                                | (1,079)  | 2,498          |
| Operating profit before working capital changes                       | 6,202  | 10,903         |
| Inventories   | 14,884   | (2,126)        |
| Receivables   | 7,962  | 8,031          |
| Payables  | (9,299)  | (2,399)        |
| Cash generated from operating activities                              | 19,749   | 14,409         |
| Interest paid   | (1,571)  | (1,705)        |
| Net of tax paid   | (2,522)  | (2,130)        |
| <b>Net cash from operating activities</b>                             | <b>15,656</b>                                    | <b>10,574</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |  |                |
| Additional of intangible assets                                       | -  | (18)           |
| Dividend received   | 7  | 6              |
| Interest received   | 91   | 62             |
| Issue of shares to non-controlling interest                           | -  | 20             |
| Net of purchase and disposal of investment securities                 | 545  | 273            |
| Net of purchase and disposal of property, plant and equipment         | (4,067)  | (815)          |
| <b>Net cash used in investing activities</b>                          | <b>(3,424)</b>                                   | <b>(472)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |  |                |
| Net of repurchase of treasury shares                                  | (407)  | (468)          |
| Net changes in bank borrowings  | (6,000)  | (7,548)        |
| Net changes in lease liabilities                                      | (35)   | -              |
| <b>Net cash used in financing activities</b>                          | <b>(6,442)</b>                                   | <b>(8,016)</b> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                      | <b>5,790</b>                                     | <b>2,086</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF<br/>FINANCIAL PERIOD</b> | <b>34,929</b>                                    | <b>28,177</b>  |
| Effect of foreign exchange rates changes                              | (2,939)  | 3,460          |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>           | <b>37,780</b>                                    | <b>33,723</b>  |
| <b>CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:</b>             |  |                |
| Cash and bank balances  | 42,000   | 39,421         |
| Overdrafts  | (4,220)  | (5,678)        |
|   | <b>37,780</b>                                    | <b>33,723</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 FIRST QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 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 |         |                           |              |
| <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                      | -  | (744)           | -               | -                              | -                         | -                 | (744)   | -                         | (744)        |
| Resold of treasury shares                        | 32   | 244             | -               | -                              | -                         | -                 | 276     | -                         | 276          |
| Changes in equity                                | -  | -               | -               | -                              | -                         | -                 | -       | 20                        | 20           |
| Total comprehensive income/(loss) for the period | -  | -               | -               | (245)                          | 1,240                     | 4,093             | 5,088   | 1,159                     | 6,247        |
| <b>Balance as at 31 March 2019</b>               | 107,891  | (9,321)         | 892             | 1,502                          | (3,919)                   | 154,278           | 251,323 | 34,050                    | 285,373      |
| <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)        |
| Total comprehensive income/(loss) for the period | -  | -               | -               | (6,063)                        | (2,303)                   | 4,246             | (4,120) | 1,065                     | (3,055)      |
| <b>Balance as at 31 March 2020</b>               | 107,891  | (10,018)        | 892             | (2,830)                        | (5,974)                   | 171,530           | 261,491 | 38,908                    | 300,399      |

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 FIRST QUARTER ENDED 31 MARCH 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 FIRST QUARTER ENDED 31 MARCH 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 31 March 2020 save for shares buy back.

At the Annual General Meeting held on 30 May 2019, the Company's shareholders approved the renewal of authority to repurchase its own shares. During the financial period ended 31 March 2020, the Company repurchased of 328,500 own shares.

As at 31 March 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**

No dividend had been paid under the financial period under review.

**A8 Material post balance sheet events**

There were no material events subsequent to the end of the financial period ended 31 March 2020 as at the date of this report except 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%.

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

There were no changes in the composition of the Group during the financial period ended 31 March 2020.

**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 31 March 2020.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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<br>Quarter<br>31-Mar-20<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31-Mar-19<br>RM'000 | Changes<br>RM'000 / % | Current<br>Period to<br>Date<br>31-Mar-20<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31-Mar-19<br>RM'000 | Changes<br>RM'000 / % |
| Revenue           | 65,674   | 68,100  | (2,426) / (3.6%)      | 65,674  | 68,100   | (2,426) / (3.6%)      |
| Profit before tax | 7,281  | 8,405   | (1,124) / (13.4%)     | 7,281   | 8,405  | (1,124) / (13.4%)     |

Current quarter and Financial period-to-date

The Group reported a revenue of RM65.674 million for the current quarter ended 31 March 2020 which was RM2.426 million or 3.6% lower as compared to the preceding year corresponding quarter ended 31 March 2019 of RM68.100 million. A lower revenue was reported in current quarter ended 31 March 2020 as compared to preceding year corresponding quarter was due to soft demand in core business of valves, instruments and fittings particularly in Malaysia market which was caused by movement control order (“MCO”) as a result of pandemic on Covid-19. 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 RM7.281 million for the current quarter which was RM1.124 million or 13.4% lower as compared to the preceding year corresponding quarter of RM8.405 million. The decrease in profit before tax was due to lower revenue.

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

|                   | Current Quarter<br>31-Mar-20<br>RM'000 | Immediate Preceding<br>Quarter<br>31-Dec-19<br>RM'000 | Changes<br>RM'000 / % |
|-------------------|--|---|-----------------------|
| Revenue           | 65,674                                 | 73,829  | (8,155) / (11.0%)     |
| Profit before tax | 7,281                                  | 9,706   | (2,425) / (25.0%)     |

The revenue for the current quarter ended 31 March 2020 decreased by 11.0% or RM8.155 million as compared to preceding quarter. The lower revenue was mainly due to soft demand from core business of valves, instruments and fittings particularly in Malaysia market in the current quarter which was due to MCO. The profit before tax decreased by 25% or RM2.425 million was due to decrease in revenue coupled with higher expenses incurred during the current quarter.

**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 31 March 2020 compared to preceding year corresponding period ended 31 March 2019.



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**
**B4 Segment information**
**By business segment as at 31 March 2020**

|  | Valves,<br>instruments<br>and fittings<br>RM'000 | Electronic<br>RM'000 | Pumps<br>RM'000 | All others<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
|--|--|----------------------|-----------------|----------------------|-----------------------|-----------------|
| Revenue from external customers  | 53,352   | 3,211                | 5,023           | 4,088                | -                     | 65,674          |
| Inter-segment revenue  | 6,417  | 1,453                | 709             | 11                   | (8,590)               | -               |
| <b>Total revenue</b>   | <b>59,769</b>                                    | <b>4,664</b>         | <b>5,732</b>    | <b>4,099</b>         | <b>(8,590)</b>        | <b>65,674</b>   |
| <b>Segment results</b>   | <b>8,241</b>                                     | <b>(39)</b>          | <b>308</b>      | <b>1</b>             | <b>(273)</b>          | <b>8,237</b>    |
| Interest expense   |  |                      |                 |                      |                       | (1,571)         |
| Interest income  |  |                      |                 |                      |                       | 91              |
| Share of results of associates   |  |                      |                 |                      |                       | 523             |
| Profit before tax  |  |                      |                 |                      |                       | 7,281           |
| Tax expense  |  |                      |                 |                      |                       | (1,970)         |
| Profit after tax   |  |                      |                 |                      |                       | 5,311           |
| Non-controlling interests  |  |                      |                 |                      |                       | (1,065)         |
| Profit attributable to owners of the parent for financial period ended 31 March 2020 |  |                      |                 |                      |                       | <u>4,246</u>    |
| Segment assets   | 521,796  | 17,340               | 28,662          | 95,026               | (209,176)             | 453,648         |
| Segment liabilities  | 161,910  | 23,062               | 14,636          | 86,272               | (132,631)             | 153,249         |

**By business segment as at 31 March 2019**

|  | Valves,<br>instruments<br>and fittings<br>RM'000 | Electronic<br>RM'000 | Pumps<br>RM'000 | All others<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
|--|--|----------------------|-----------------|----------------------|-----------------------|-----------------|
| Revenue from external customers  | 55,741   | 2,939                | 5,170           | 4,250                | -                     | 68,100          |
| Inter-segment revenue  | 11,052   | 804                  | 789             | 34                   | (12,679)              | -               |
| <b>Total revenue</b>   | <b>66,793</b>                                    | <b>3,743</b>         | <b>5,959</b>    | <b>4,284</b>         | <b>(12,679)</b>       | <b>68,100</b>   |
| <b>Segment results</b>   | <b>9,854</b>                                     | <b>224</b>           | <b>150</b>      | <b>(7)</b>           | <b>(650)</b>          | <b>9,571</b>    |
| Interest expense   |  |                      |                 |                      |                       | (1,705)         |
| Interest income  |  |                      |                 |                      |                       | 62              |
| Share of results of associates   |  |                      |                 |                      |                       | 477             |
| Profit before tax  |  |                      |                 |                      |                       | 8,405           |
| Tax expense  |  |                      |                 |                      |                       | (3,153)         |
| Profit after tax   |  |                      |                 |                      |                       | 5,252           |
| Non-controlling interests  |  |                      |                 |                      |                       | (3,792)         |
| Profit attributable to owners of the parent for financial period ended 31 March 2019 |  |                      |                 |                      |                       | <u>4,093</u>    |
| Segment assets   | 527,376  | 16,969               | 23,380          | 95,683               | (217,949)             | 445,459         |
| Segment liabilities  | 176,917  | 22,035               | 10,306          | 86,862               | (136,034)             | 160,086         |



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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. Thus, the Group is expected to experience a drop in revenue in the second quarter of 2020 and would be gradually back to normal towards the second half of the year.

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<br/>quarter<br/>3 months<br/>ended<br/>31-Mar-20<br/>RM'000</b> | <b>Cumulative<br/>quarters<br/>3 months<br/>ended<br/>31-Mar-20<br/>RM'000</b> |
|--------------------------|--|--|
| Current period provision | 1,736  | 1,736  |
| Deferred tax             | 234  | 234  |
|                          | <u>1,970</u>   | <u>1,970</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 FIRST QUARTER ENDED 31 MARCH 2020**
**B9 Group borrowings and debt securities**
**Total borrowings as at 31 March 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                    | -                       | -                     | -                       | 4,220                 | -                       | 4,220                 |
| Revolving credits                  | -                       | -                     | -                       | 29,870                | -                       | 29,870                |
| Term loans                         | -                       | 18,417                | -                       | 3,057                 | -                       | 21,474                |
| Trade lines                        | -                       | -                     | -                       | 12,493                | -                       | 12,493                |
|                                    | -                       | 18,417                | -                       | 49,640                | -                       | 68,057                |
| <i>Indonesia Rupiah @ 0.000264</i> |                         |                       |                         |                       |                         |                       |
| Term loans                         | 950,377                 | 251                   | 355,821                 | 94                    | 1,306,198               | 345                   |
| Revolving credits                  | -                       | -                     | 112,945,462             | 29,818                | 112,945,462             | 29,818                |
|                                    | 950,377                 | 251                   | 113,301,283             | 29,912                | 114,251,660             | 30,163                |
| <b>Total secured</b>               |                         | <b>18,668</b>         |                         | <b>79,552</b>         |                         | <b>98,220</b>         |
| <b>Unsecured</b>                   |                         |                       |                         |                       |                         |                       |
| <i>Indonesia Rupiah @ 0.000264</i> |                         |                       |                         |                       |                         |                       |
| Revolving credits                  | -                       | -                     | 11,456,907              | 3,025                 | 11,456,907              | 3,025                 |
| <i>Thai Baht @ 0.131394</i>        |                         |                       |                         |                       |                         |                       |
| Trade lines                        | -                       | -                     | 2,210                   | 290                   | 2,210                   | 290                   |
| <b>Total unsecured</b>             |                         | <b>-</b>              |                         | <b>3,315</b>          |                         | <b>3,315</b>          |
| <b>Total borrowings</b>            |                         | <b>18,668</b>         |                         | <b>82,867</b>         |                         | <b>101,535</b>        |

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**
**B9 Group borrowings and debt securities (continue)**
**Total borrowings as at 31 March 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                    | -                       | -                     | -                       | 5,698                 | -                       | 5,698                 |
| Hire purchases                     | -                       | 2,637                 | -                       | 1,316                 | -                       | 3,953                 |
| Revolving credits                  | -                       | -                     | -                       | 34,755                | -                       | 34,755                |
| Term loans                         | -                       | 10,145                | -                       | 1,212                 | -                       | 11,357                |
| Trade lines                        | -                       | -                     | -                       | 18,413                | -                       | 18,413                |
|                                    | -                       | 12,782                | -                       | 61,394                | -                       | 74,176                |
| <i>Singapore Dollar @ 3.0142</i>   |                         |                       |                         |                       |                         |                       |
| Hire purchases                     | 43                      | 129                   | 16                      | 49                    | 59                      | 178                   |
| <i>Indonesia Rupiah @ 0.000287</i> |                         |                       |                         |                       |                         |                       |
| Hire purchases                     | 469,962                 | 135                   | 394,363                 | 113                   | 864,325                 | 248                   |
| Term loans                         | 1,307,056               | 375                   | 1,265,265               | 363                   | 2,572,321               | 738                   |
| Revolving credits                  | -                       | -                     | 100,750,000             | 28,915                | 100,750,000             | 28,915                |
|                                    | 1,777,018               | 510                   | 102,409,628             | 29,391                | 104,186,646             | 29,901                |
| <b>Total secured</b>               |                         | <b>13,421</b>         |                         | <b>90,834</b>         |                         | <b>104,255</b>        |
| <b>Unsecured</b>                   |                         |                       |                         |                       |                         |                       |
| <i>Indonesia Rupiah @ 0.000287</i> |                         |                       |                         |                       |                         |                       |
| Revolving credits                  | -                       | -                     | 16,380,600              | 4,701                 | 16,380,600              | 4,701                 |
| <i>Thai Baht @ 0.128661</i>        |                         |                       |                         |                       |                         |                       |
| Trade lines                        | -                       | -                     | 20,846                  | 2,645                 | 20,846                  | 2,645                 |
| <b>Total unsecured</b>             |                         | <b>-</b>              |                         | <b>7,346</b>          |                         | <b>7,346</b>          |
| <b>Total borrowings</b>            |                         | <b>13,421</b>         |                         | <b>98,180</b>         |                         | <b>111,601</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**

The Board of Directors proposed a final single tier dividend of 3.0 sen per share in respect of the financial year ended 31 December 2019. The proposed dividend payment is amounting to RM4.481 million if based on the issued and paid-up capital as at 31 December 2019 of 149,380,900 ordinary shares (excluding treasury shares held by the Company). The proposed dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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<br/>3 months<br/>ended<br/>31-Mar-20</b> | <b>Cumulative<br/>quarters<br/>3 months<br/>ended<br/>31-Mar-20</b> |
|---|---|---|
| Profit for the period (RM’000)  | 5,311   | 5,311   |
| Profit attributable to non-controlling interests (RM’000)             | (1,065)   | (1,065)   |
| <b>Profit attributable to owners of the parent (RM’000)</b>           | <b>4,246</b>  | <b>4,246</b>  |
| <b>Weighted average number of ordinary shares in issue<br/>(’000)</b> | <b>149,249</b>  | <b>149,249</b>  |
| <b>Basic EPS (sen)</b>  | <b>2.84</b>   | <b>2.84</b>   |

**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<br/>3 months<br/>ended<br/>31-Mar-20<br/>RM’000</b> | <b>Cumulative<br/>quarter<br/>3 months<br/>ended<br/>31-Mar-20<br/>RM’000</b> |
|---|--|---|
| <b>Profit before tax is arrived at after charging/(crediting):-</b> |  |   |
| Allowance for impairment of inventories                             | 300  | 300   |
| Depreciation & amortisation   | 1,826  | 1,826   |
| Dividend income   | (7)  | (7)   |
| Gain on disposal of property, plant & equipment                     | (15)   | (15)  |
| Interest expense  | 1,571  | 1,571   |
| Interest income   | (91)   | (91)  |
| Loss on disposal of investment securities                           | 56   | 56  |
| Loss on foreign exchange – realised                                 | 781  | 781   |
| Rental income   | 62   | 62  |



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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:

|                                  | <b>As at<br/>31-Mar-20<br/>(Unaudited)<br/>RM'000</b> | <b>As at<br/>31-Dec-19<br/>(Audited)<br/>RM'000</b> |
|----------------------------------|---|---|
| Neither past due nor impaired    | 31,809  | 39,982  |
| <u>Pass due but not impaired</u> |   |   |
| Less than 30 days                | 11,015  | 13,845  |
| 31 days to 60 days               | 10,121  | 12,721  |
| More than 61 days                | 7,343   | 9,230   |
|                                  | 28,479  | 35,796  |
| Impaired                         | 60,288  | 75,778  |
|                                  | 5,114   | 5,114   |
|                                  | 65,402  | 80,892  |

As at 31 March 2020, trade receivables of RM28.479 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 31 March 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 31 March 2020.

By order of the Board

Dato' Seri Lim Cheah Chooi  
Chief Executive Director

**Dated this 29 June 2020**