


INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

| | As at 30-Sep-18 (Unaudited) RM'000 | As at 31-Dec-17 (Audited) RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 104,155 | 109,499 |
| Investment properties | 308 | 312 |
| Investment in associates | 15,904 | 14,893 |
| Investment securities | 6,343 | 6,179 |
| Intangible assets | 4,098 | 4,047 |
| Deferred tax assets | 1,027 | 1,153 |
| | <u>131,835</u> | <u>136,083</u> |
| Current assets | | |
| Inventories | 176,905 | 169,727 |
| Trade and other receivables | 99,751 | 105,510 |
| Tax recoverable | 638 | 1,728 |
| Cash and bank balances | 31,790 | 34,045 |
| | <u>309,084</u> | <u>311,010</u> |
| TOTAL ASSETS | <u>440,919</u> | <u>447,093</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 107,859 | 80,287 |
| Treasury shares | (8,592) | (6,479) |
| Irredeemable Convertible Unsecured Loan Stock ("ICULS") equity | - | 26,333 |
| Reserves | 221 | 5,757 |
| Retained earnings | 147,196 | 136,879 |
| Equity attributable to owners of the parent | <u>246,684</u> | <u>242,777</u> |
| Non-controlling interests | <u>32,761</u> | <u>29,585</u> |
| Total equity | <u>279,445</u> | <u>272,362</u> |
| Liabilities | | |
| Non-Current Liabilities | | |
| Bank borrowings | 13,468 | 16,036 |
| Deferred tax liabilities | 729 | 674 |
| | <u>14,197</u> | <u>16,710</u> |
| Current liabilities | | |
| Trade and other payables | 44,221 | 52,968 |
| Bank borrowings | 100,190 | 102,142 |
| ICULS liabilities | - | 1,548 |
| Tax payable | 2,866 | 1,363 |
| | <u>147,277</u> | <u>158,021</u> |
| Total liabilities | <u>161,474</u> | <u>174,731</u> |
| TOTAL EQUITY AND LIABILITIES | <u>440,919</u> | <u>447,093</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)**

| | Current quarter 3 months ended 30 September | | Cumulative quarter 9 months ended 30 September | |
|---|---|-----------------|--|-----------------|
| | 2018 RM '000 | 2017 RM '000 | 2018 RM '000 | 2017 RM '000 |
| Revenue | 71,832 | 60,027 | 203,233 | 176,859 |
| Operating expenses | (61,105) | (53,632) | (173,180) | (156,155) |
| Other income | 674 | 205 | 1,433 | 2,592 |
| Operating profit | 11,401 | 6,600 | 31,486 | 23,296 |
| Interest expense | (2,160) | (2,345) | (6,967) | (7,694) |
| Interest income | 68 | 84 | 202 | 251 |
| Share of results of associates | 531 | 646 | 1,401 | 1,162 |
| Profit before tax | 9,840 | 4,985 | 26,122 | 17,015 |
| Taxation | (2,993) | (1,334) | (8,362) | (5,199) |
| Profit for the period | 6,847 | 3,651 | 17,760 | 11,816 |
| Profit attributable to: | | | | |
| Owners of the parent | 6,000 | 3,129 | 14,145 | 10,258 |
| Non-controlling interests | 847 | 522 | 3,615 | 1,558 |
| Profit for the period | 6,847 | 3,651 | 17,760 | 11,816 |
| Earnings per share (“EPS”) attributable to owners of the parent (sen): | | | | |
| Basic EPS | 4.58 | 2.49 | 11.11 | 8.20 |
| 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 2017 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)**

| | Current quarter 3 months ended 30 September | | Cumulative quarter 9 months ended 30 September | |
|---|--|-------------------------|---|-------------------------|
| | 2018 RM '000 | 2017 RM '000 | 2018 RM '000 | 2017 RM '000 |
| Profit for the period | 6,847 | 3,651 | 17,760 | 11,816 |
| Other comprehensive income/(expenses), net of tax: | | | | |
| Currency translation differences arising from consolidation | (744) | (1,996) | (4,807) | (4,709) |
| Fair value movements on available for sale investments | 242 | 1,177 | (729) | (166) |
| Total comprehensive income for the period | 6,345 | 2,832 | 12,224 | 6,941 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 5,498 | 2,310 | 8,609 | 5,383 |
| Non-controlling interests | 847 | 522 | 3,615 | 1,558 |
| | 6,345 | 2,832 | 12,224 | 6,941 |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)**

| | Cumulative quarter 9 months ended 30 September | |
|---|---|-----------------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 26,122 | 17,015 |
| Adjustments for: | | |
| Non-cash items and non-operating items | 6,724 | 8,060 |
| Operating profit before working capital changes | 32,846 | 25,075 |
| Inventories | (7,178) | 1,717 |
| Receivables | 5,759 | 3,691 |
| Payables | (8,747) | (5,917) |
| Cash generated from operating activities | 22,680 | 24,566 |
| Interest paid | (6,967) | (7,549) |
| Net of tax paid | (5,683) | (5,276) |
| Net cash from operating activities | 10,030 | 11,741 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additional of intangible assets | (51) | - |
| Dividend received | 571 | 182 |
| Interest received | 202 | 251 |
| Net of changes of investment in subsidiaries and associates | (396) | (84) |
| Net of purchase and disposal of investment securities | (1,063) | 2,871 |
| Net of purchase and disposal of property, plant and equipment | (2,052) | (4,583) |
| Net cash used in investing activities | (2,789) | (1,363) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (4,127) | (4,606) |
| Net of repurchase and disposal of treasury shares | (2,113) | (776) |
| Net changes in bank borrowings | (4,520) | (5,969) |
| Net cash used in financing activities | (10,760) | (11,351) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (3,519) | (973) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 25,793 | 26,359 |
| Effect of foreign exchange rates changes | 2,103 | 1,215 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 24,377 | 26,601 |
| CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING: | | |
| Cash and bank balances | 31,790 | 31,507 |
| Overdrafts | (7,413) | (4,906) |
| | 24,377 | 26,601 |

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

| | ----- Non-Distributable ----- | | | | | | ----- Distributable ----- | | | | | |
|---|--|---------------|-----------------|--------------|-----------------|-----------------|--------------------------------|--------------------|-------------------|---------|---------------------------|--------------|
| | ----- Attributable to owners of the parent ----- | | | | | | | | | | | |
| (RM'000) | Share capital | Share premium | Treasury shares | ICULS equity | Warrant reserve | Capital reserve | Currencies translation reserve | Fair value reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance as at 1 January 2017 | 65,026 | 13,868 | (4,797) | 26,240 | 20,946 | (20,054) | 15,584 | (469) | 128,990 | 245,334 | 28,914 | 274,248 |
| Purchase of treasury shares | - | - | (2,239) | - | - | - | - | - | - | (2,239) | - | (2,239) |
| Resold of treasury shares | - | - | 1,256 | - | - | - | - | - | 207 | 1,463 | - | 1,463 |
| Conversion of ICULS | 1,128 | - | - | (1,128) | - | - | - | - | - | - | - | - |
| Transfer from ICULS liabilities | - | - | - | 1,237 | - | - | - | - | - | 1,237 | - | 1,237 |
| Dividend paid | - | - | - | - | - | - | - | - | (3,782) | (3,782) | (824) | (4,606) |
| Changes in equity | - | - | - | - | - | - | - | - | - | - | 84 | 84 |
| Total comprehensive income for the period | - | - | - | - | - | - | (4,709) | (166) | 10,258 | 5,383 | 1,558 | 6,941 |
| Balance as at 30 September 2017 | 66,154 | 13,868 | (5,780) | 26,349 | 20,946 | (20,054) | 10,875 | (635) | 135,673 | 247,396 | 29,732 | 277,128 |
| Balance as at 1 January 2018 | 80,287 | - | (6,479) | 26,333 | 20,946 | (20,054) | 6,998 | (2,133) | 136,879 | 242,777 | 29,585 | 272,362 |
| Purchase of treasury shares | - | - | (2,113) | - | - | - | - | - | - | (2,113) | - | (2,113) |
| Conversion of ICULS | 27,572 | - | - | (26,333) | - | - | - | - | - | 1,239 | - | 1,239 |
| Warrant expired | - | - | - | - | (20,946) | 20,946 | - | - | - | - | - | - |
| Dividend paid | - | - | - | - | - | - | - | - | (3,828) | (3,828) | (299) | (4,127) |
| Changes in equity | - | - | - | - | - | - | - | - | - | - | (140) | (140) |
| Total comprehensive income for the period | - | - | - | - | - | - | (4,807) | (729) | 14,145 | 8,609 | 3,615 | 12,224 |
| Balance as at 30 September 2018 | 107,859 | - | (8,592) | - | - | 892 | 2,191 | (2,862) | 147,196 | 246,684 | 32,761 | 279,445 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
**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 2017. 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 2017.

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 2017 save for the following new MFRSs and amendments to MFRSs.

| Description | | Effective dates for financial periods beginning on or after |
|---|---|--|
| Annual Improvements to MFRSs 2014 – 2016 Cycle: | | |
| | • Amendments to MFRS 1 | 1 January 2018 |
| | • Amendments to MFRS128 | 1 January 2018 |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in July 2014) | 1 January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| Amendments to MFRS 2 | Classification and measurement of Share-based payment Transactions | 1 January 2018 |
| Amendments to MFRS 15 | Clarifications to MFRS 15 | 1 January 2018 |
| Amendments to MFRS 140 | Transfers of Investment Property | 1 January 2018 |
| Amendments to MFRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018* |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| MFRS 16 | Leases | 1 January 2019 |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 9 | Prepayments Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 128 | Long-term interests in Associates and Joint Ventures | 1 January 2019 |
| Amendments to MFRS 119 | Plan Amendments, Curtailment or Settlement | 1 January 2019 |
| Annual Improvements to MFRSs 2015 – 2017 Cycle: | | |
| | • Amendments to MFRS 3 | 1 January 2019 |
| | • Amendments to MFRS11 | 1 January 2019 |
| | • Amendments to MFRS 112 | 1 January 2019 |
| | • Amendments to MFRS 123 | 1 January 2019 |

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

| | Descriptions | Effective dates for financial periods beginning on or after |
|------------------------------------|---|--|
| MFRS 17 | Insurance Contracts | 1 January 2021 |
| 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 |

* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above 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.

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 2018 save for shares buy back and conversion of ICULS to ordinary share.

At the Annual General Meeting held on 31 May 2018, the Company's shareholders approved the renewal of authority to repurchase its own shares. During the financial period ended 30 September 2018, the Company repurchased 2,080,000 of its own shares.

As at 30 September 2018, a total of 8,465,810 treasury shares, representing 5.33% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM8.592 million.

During the financial period ended 30 September 2018, 27,572,076 ICULS were converted by the registered ICULS holders to 27,572,076 new ordinary shares.

A7 Dividend paid

A first and final single tier dividend of 3.0 sen per share amounted RM3.828 million in respect of the financial year ended 31 December 2017 was paid on 12 July 2018.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A8 Material post balance sheet events

There was no material events subsequent to the end of the financial period ended 30 September 2018 as at the date of this report save for on 08 October 2018, Unimech Engineering (J.B.) Sdn Bhd., a wholly-owned subsidiary of the Company had disposed off 500,100 shares of USD1.00 each representing 50.1% equity interest in Hebei Arita Valve Industries Co. Ltd. to Mr. De Guo Sen for a total cash consideration of RMB2,420,000 (equivalent to RM1,476,200).

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 2018 save for the followings:-

- i. On 04 January 2018, Unimech Capital Sdn. Bhd., a wholly owned subsidiary company of the Company had transferred its 100% owned equity interest in Bells Saga Sdn. Bhd. to M.E.T. Motion Holding Sdn. Bhd., a 51% owned subsidiary company of the Company at its original cost of investment.
- ii. On 19 June 2018, M.E.T. Motion Holding Sdn. Bhd., a 51% owned subsidiary company of the Company together with Unimech Engineering (JB) Sdn. Bhd., a wholly owned subsidiary company of the Company had subscribed for 126,000 and 60,000 ordinary shares representing 63% and 30% of the issued capital in M.E.T. Motion (JB) Sdn. Bhd. for a total consideration of RM126,000 and RM60,000 respectively.
- iii. On 20 August 2018, Unimech Capital Sdn. Bhd., a wholly owned subsidiary company of the Company had disposed off its 60,000 ordinary shares, representing 60% of the total issued share capital in Icontronic Sdn. Bhd. for a total cash consideration of RM1.00 to Mr. Goh Leng Pheow.
- iv. On 06 September 2018, application was made to the Companies Commission of Malaysia to strike off the name of Unimech Bersatu Malaysia Sdn. Bhd., a 49% owned associate company of Unimech Capital Sdn. Bhd. which in turn is a wholly subsidiary company of the Company, under Section 550 of the Companies Act, 2016.
- v. On 13 September 2018, application was made to the Companies Commission of Malaysia to strike off the name of Uni Media Studio Sdn. Bhd., a wholly owned subsidiary company of Unimech Capital Sdn. Bhd. which in turn is a wholly subsidiary company of the Company, under Section 550 of the Companies Act 2016.
- vi. On 27 September 2018, Unimech Capital Sdn. Bhd., a wholly owned subsidiary of the Company had acquired 10,000 ordinary shares representing an additional 10% equity interest in Unimech Instruments & Control Sdn. Bhd. from Mr. Tang Kok Chian for a total cash consideration of RM200,000.

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 2017.

A11 Capital commitments

| | 30-Sept-18 RM'000 |
|---|------------------------------------|
| Authorised and not contracted for: | |
| Property, plant and equipment | 5,481 |

A12 Related party transactions

There were no related party transactions for the period ended 30 September 2018.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
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 18 RM'000 | Preceding Year Corresponding Quarter 30 Sept 17 RM'000 | Changes RM'000 / % | Current Period to Date 30 Sept 18 RM'000 | Preceding Year Corresponding Period 30 Sept 17 RM'000 | Changes RM'000 / % |
| Revenue | 71,832 | 60,027 | 11,805 / 19.7% | 203,233 | 176,859 | 26,374 / 14.9% |
| Profit before tax | 9,840 | 4,985 | 4,855 / 97.4% | 26,122 | 17,015 | 9,107 / 53.5% |

Current quarter

For the current quarter ended 30 September 2018, the Group recorded revenue of RM71.832 million, representing an increase of 19.7% over prior year corresponding quarter's revenue of RM60.027 million. The increase of the revenue was due principally to the increase in demand in the core business. The increase in revenue correspondingly increased the profit before tax by 97.4% to RM9.840 million from RM4.985 million reported in prior year corresponding quarter.

Financial period-to-date

The Group reported revenue of RM203.233 million for the financial period ended 30 September 2018, representing an increase of RM26.374 million or 14.9% as compared to previous financial period ended 30 September 2017 of RM176.859 million. The increase of the revenue was due principally to the increase in demand in the core business particularly in overseas market in Indonesia, Australia, Thailand and Vietnam.

In tandem with the increase in revenue, the profit before tax for financial period ended 30 September 2018 improved by 53.5% or RM9.107 million to RM26.122 million as compared to last financial period ended 30 September 2017 of RM17.015 million.

B2 Financial review for current quarter compared with immediate preceding quarter

| | Current Quarter 30 September 18 RM'000 | Immediate Preceding Quarter 30 June 18 RM'000 | Changes RM'000 / % |
|-------------------|--|---|-----------------------|
| Revenue | 71,832 | 63,466 | 8,366 / 13.2% |
| Profit before tax | 9,840 | 8,177 | 1,663 / 20.3% |

The revenue for the current quarter ended 30 September 2018 increased by 13.2% as compared to preceding quarter. The higher revenue was due mainly to higher demand in valves, instruments, fittings segments in the current quarter. With the increase in revenue, the profit before tax increased by 20.3% during the current quarter.

B3 Overall review of group's financial performance

No material change 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 2018 compared to preceding year corresponding period ended 30 September 2017.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
B4 Segment information

By business segment as at 30 September 2018

| | 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 | 159,783 | 12,466 | 18,178 | 12,806 | - | 203,233 |
| Inter-segment revenue | 37,877 | 6,568 | 2,850 | 140 | (47,435) | - |
| Total revenue | 197,660 | 19,034 | 21,028 | 12,946 | (47,435) | 203,233 |
| Segment results | 30,267 | 864 | 1,586 | (1,131) | (100) | 31,486 |
| Interest expense | | | | | | (6,967) |
| Interest income | | | | | | 202 |
| Share of results of associates | | | | | | 1,401 |
| Profit before tax | | | | | | 26,122 |
| Tax expense | | | | | | (8,362) |
| Profit after tax | | | | | | 17,760 |
| Non-controlling interests | | | | | | (3,615) |
| Profit attributable to owners of the parent for financial period ended 30 September 2018 | | | | | | <u>14,145</u> |
| Segment assets | 537,206 | 17,550 | 24,517 | 83,287 | (221,641) | 440,919 |
| Segment liabilities | 185,949 | 22,792 | 11,826 | 80,462 | (139,555) | 161,474 |

By business segment as at 30 June 2017

| | 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 | 131,078 | 10,289 | 19,214 | 16,278 | - | 176,859 |
| Inter-segment revenue | 36,450 | 4,506 | 2,871 | 65 | (43,892) | - |
| Total revenue | 167,528 | 14,795 | 22,085 | 16,343 | (43,892) | 176,859 |
| Segment results | 22,970 | (1,388) | 2,069 | 1,345 | (1,700) | 23,296 |
| Interest expense | | | | | | (7,694) |
| Interest income | | | | | | 251 |
| Share of results of associates | | | | | | 1,162 |
| Profit before tax | | | | | | 17,015 |
| Tax expense | | | | | | (5,199) |
| Profit after tax | | | | | | 11,816 |
| Non-controlling interests | | | | | | (1,558) |
| Profit attributable to owners of the parent for financial year ended 30 September 2017 | | | | | | <u>10,258</u> |
| Segment assets | 529,519 | 19,144 | 23,011 | 92,245 | (224,966) | 438,953 |
| Segment liabilities | 187,134 | 25,136 | 10,681 | 88,503 | (149,629) | 161,825 |

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
B5 Commentary on prospects for 2018

The year 2018 will likely remain challenging as there is still uncertainty which is the greatest threat to the world economy at the present with escalation of costs due to inflation, volatility of global steel price and fluctuation of exchange rates. Although the global economic conditions are challenging, it is still expected to continue growing, albeit at a moderate pace. Barring a drastic change in the global economic conditions, the Group's core business is not expected to be significantly affected. The Group will remain focus and 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 to further enhance its competitiveness.

Taking into consideration the abovementioned factors and subject to the global economic conditions, the Board of Directors is cautiously optimistic that the Group will report a satisfactory performance and growth for the financial year ending 31 December 2018.

B6 Profit forecast

Not applicable as no profit forecast was published.

B7 Income tax expense

| | Current quarter 3 months ended 30-Sept-18 RM'000 | Cumulative quarters 9 months ended 30-Sept-18 RM'000 |
|--------------------------|---|---|
| Current period provision | 2,831 | 8,181 |
| Deferred tax | 162 | 181 |
| | 2,993 | 8,362 |

The effective tax rate for the current quarter and the cumulative quarter are higher than the statutory tax rate were due principally to 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 2018
B9 Group borrowings and debt securities
Total borrowings as at 30 September 2018

| | 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 | - | - | - | 7,413 | - | 7,413 |
| Hire purchases | - | 2,579 | - | 1,634 | - | 4,213 |
| Revolving credits | - | - | - | 34,757 | - | 34,757 |
| Term loans | - | 10,255 | - | 1,187 | - | 11,442 |
| Trade lines | - | - | - | 17,779 | - | 17,779 |
| | - | 12,834 | - | 62,770 | - | 75,604 |
| <i>Singapore Dollar @ 3.0251</i> | | | | | | |
| Hire purchases | 50 | 149 | 16 | 49 | 66 | 198 |
| <i>Indonesia Rupiah @ 0.000278</i> | | | | | | |
| Hire purchases | 273,251 | 76 | 385,028 | 107 | 658,279 | 183 |
| Term loans | 1,472,410 | 409 | 3,066,541 | 853 | 4,538,951 | 1,262 |
| Trade lines | - | - | 101,750,000 | 28,287 | 101,750,000 | 28,287 |
| | 1,745,661 | 485 | 105,201,569 | 29,247 | 106,947,230 | 29,732 |
| Total secured | | 13,468 | | 92,066 | | 105,534 |
| Unsecured | | | | | | |
| <i>Indonesia Rupiah @ 0.000278</i> | | | | | | |
| Revolving credits | - | - | 20,502,493 | 5,700 | 20,502,493 | 5,700 |
| <i>Thai Baht @ 0.127921</i> | | | | | | |
| Trade lines | - | - | 19,521 | 2,424 | 19,521 | 2,424 |
| Total unsecured | | - | | 8,124 | | 8,124 |
| Total borrowings | | 13,468 | | 100,190 | | 113,658 |

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
Total borrowings as at 30 September 2017

| | 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 | - | - | - | 4,906 | - | 4,906 |
| Hire purchases | - | 2,471 | - | 2,263 | - | 4,734 |
| Revolving credits | - | - | - | 29,955 | - | 29,955 |
| Term loans | - | 9,637 | - | 1,269 | - | 10,906 |
| Trade lines | - | - | - | 19,573 | - | 19,573 |
| | - | 12,108 | - | 57,966 | - | 70,074 |
| <i>Singapore Dollar @ 3.1083</i> | | | | | | |
| Hire purchases | 63 | 196 | 16 | 50 | 79 | 246 |
| Term loans | - | - | 52 | 161 | 52 | 161 |
| | 63 | 196 | 68 | 211 | 131 | 407 |
| <i>Indonesia Rupiah @ 0.000313</i> | | | | | | |
| Hire purchases | - | - | 56,836 | 18 | 56,836 | 18 |
| Term loans | 6,951,374 | 2,176 | 678,217 | 212 | 7,629,591 | 2,388 |
| Trade lines | - | - | 108,625,000 | 34,000 | 108,625,000 | 34,000 |
| | 6,951,374 | 2,176 | 109,360,053 | 34,230 | 116,311,427 | 36,406 |
| <i>Chinese Renminbi @ 0.6353</i> | | | | | | |
| Hire purchases | - | - | 8 | 5 | 8 | 5 |
| Total secured | | 14,480 | | 92,412 | | 106,892 |
| Unsecured | | | | | | |
| <i>Indonesia Rupiah @ 0.000313</i> | | | | | | |
| Revolving credits | - | - | 14,916,602 | 4,669 | 14,916,602 | 4,669 |
| <i>Thai Baht @ 0.126574</i> | | | | | | |
| Trade lines | - | - | 22,246 | 2,816 | 22,246 | 2,816 |
| Total unsecured | | - | | 7,485 | | 7,485 |
| Total borrowings | | 14,480 | | 99,897 | | 114,377 |

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 2018. The proposed dividend payment is amounting to RM2.253 million based on the issued and paid-up capital as at 28 November 2018 of 150,195,400 ordinary shares (excluding treasury shares held by the Company).

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
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-18 | Cumulative quarters 9 months ended 30-Sept-18 |
|---|--|--|
| Profit for the period (RM’000) | 6,847 | 17,760 |
| Profit attributable to non-controlling interests (RM’000) | (847) | (3,615) |
| Profit attributable to owners of the parent (RM’000) | <u>6,000</u> | <u>14,145</u> |
| Weighted average number of ordinary shares in issue (’000) | <u>130,941</u> | <u>127,299</u> |
| Basic EPS (sen) | 4.58 | 11.11 |

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 2017 was not subject to any qualification.

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

| | Current quarter 3 months ended 30-Sept-18 RM’000 | Cumulative quarter 9 months ended 30-Sept-18 RM’000 |
|---|---|--|
| Profit before tax is arrived at after charging/(crediting):- | | |
| Bad debts recovered | (6) | (47) |
| Allowance for diminution in investment securities | 168 | 146 |
| Allowance for impairment of inventories | 500 | 2,750 |
| Depreciation & amortization | 1,603 | 4,885 |
| Dividend income | (521) | (571) |
| Gain on disposal of investment securities | (27) | (110) |
| Gain on disposal of property, plant & equipment | (92) | (132) |
| Loss on foreign exchange – realised | 91 | 922 |
| Interest expense | 2,160 | 6,967 |
| Interest income | (68) | (202) |
| Property, plant and equipment written off | - | 40 |
| Rental income | <u>(126)</u> | <u>(378)</u> |

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
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-18 (Unaudited) RM'000 | As at 31-Dec-17 (Audited) RM'000 |
|----------------------------------|--|---|
| Neither past due nor impaired | 34,825 | 37,777 |
| <u>Pass due but not impaired</u> | | |
| Less than 30 days | 15,536 | 16,852 |
| 31 days to 60 days | 11,170 | 12,116 |
| More than 61 days | 9,736 | 10,562 |
| | <u>36,442</u> | <u>39,530</u> |
| | 71,267 | 77,307 |
| Impaired | 3,965 | 3,965 |
| | <u>75,232</u> | <u>81,272</u> |

As at 30 September 2018, trade receivables of RM36.442 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 provision and write-off of trade receivables during the financial period ended 30 September 2018.

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 2018.

By order of the Board

Dato' Lim Cheah Chooi
Chief Executive Director

Dated this 28th November 2018