

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2019**

	Note	3 months ended		Cumulative 12 months ended	
		31/12/19	31/12/18	31/12/19	31/12/18
		RM'000	RM'000	RM'000	RM'000
REVENUE		15,934	16,399	58,615	68,341
COST OF SALES		(12,112)	(13,581)	(46,990)	(53,090)
GROSS PROFIT		<u>3,822</u>	<u>2,818</u>	<u>11,625</u>	<u>15,251</u>
OTHER INCOME		140	240	413	401
ADMINISTRATIVE EXPENSES		(4,035)	(3,962)	(15,137)	(16,587)
SELLING AND DISTRIBUTION EXPENSES		(230)	(217)	(823)	(910)
OTHER EXPENSES		(1,123)	(3,748)	(1,134)	(3,988)
FINANCE COST		(133)	(118)	(513)	(236)
LOSS BEFORE TAX		<u>(1,559)</u>	<u>(4,987)</u>	<u>(5,569)</u>	<u>(6,069)</u>
TAX EXPENSE	24	2,088	246	2,046	119
(PROFIT)/LOSS FOR THE FINANCIAL PERIOD		<u>529</u>	<u>(4,741)</u>	<u>(3,523)</u>	<u>(5,950)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)					
Foreign currency translation difference		68	33	(209)	(298)
		<u>68</u>	<u>33</u>	<u>(209)</u>	<u>(298)</u>
TOTAL COMPREHENSIVE (INCOME)/LOSS FOR THE FINANCIAL PERIOD		<u>597</u>	<u>(4,708)</u>	<u>(3,732)</u>	<u>(6,248)</u>
Profit/(Loss) attributable to:					
Owners of the parent		250	(3,134)	(2,440)	(4,326)
Non-controlling interests		279	(1,607)	(1,083)	(1,624)
		<u>529</u>	<u>(4,741)</u>	<u>(3,523)</u>	<u>(5,950)</u>
Total comprehensive (income)/loss attributable to:					
Owners of the parent		318	(3,101)	(2,649)	(4,624)
Non-controlling interests		279	(1,607)	(1,083)	(1,624)
		<u>597</u>	<u>(4,708)</u>	<u>(3,732)</u>	<u>(6,248)</u>
Earnings/(Loss) per share (sen)					
Basic	25	0.14	(1.75)	(1.36)	(2.42)
Diluted	25	0.12	(1.55)	(1.21)	(2.14)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
		As at 31/12/2019	As at 31/12/2018
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		28,161	31,425
Right-of-use assets		4,306	-
Deferred tax assets		1,267	-
		<u>33,734</u>	<u>31,425</u>
Current assets			
Inventories		698	994
Trade receivables		17,850	22,010
Other receivables		2,819	3,872
Tax recoverable		-	649
Deposits with licensed banks		523	511
Cash and bank balances		6,030	5,102
		<u>27,920</u>	<u>33,138</u>
TOTAL ASSETS		<u>61,654</u>	<u>64,563</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		48,115	48,115
(Accumulated losses)/Retained earnings		(2,332)	195
Other reserves		(22,260)	(22,051)
		<u>23,523</u>	<u>26,259</u>
Non-controlling interests		9,466	10,549
TOTAL EQUITY		<u>32,989</u>	<u>36,808</u>
Non-current liabilities			
Deferred tax liabilities		-	856
Lease liabilities		1,813	-
Borrowings	20	2,106	-
Finance lease liabilities	20	144	45
		<u>4,063</u>	<u>901</u>
Current liabilities			
Trade payables		7,869	11,127
Other payables		10,823	12,402
Borrowings	20	3,236	3,262
Lease liabilities		2,610	-
Finance lease liabilities	20	61	48
Tax payable		3	15
		<u>24,602</u>	<u>26,854</u>
TOTAL LIABILITIES		<u>28,665</u>	<u>27,755</u>
TOTAL EQUITY AND LIABILITIES		<u>61,654</u>	<u>64,563</u>
Net assets per share attributable to owners of the parent (RM)		<u>0.13</u>	<u>0.15</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2019

Cumulative year ended 31 DECEMBER 2019

	Non distributable					Distributable		TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	WARRANT RESERVE	CURRENCY FLUCTUATION RESERVE	OTHER RESERVE	RETAINED EARNINGS/ (ACCUMULATED LOSSES)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance as at 31.12.2018, as previously stated	48,115	-	(22,246)	93	4,049	(3,947)	195	26,259	10,549	36,808
Effect on adopting MFRS 16	-	-	-	-	-	-	(87)	(87)	-	(87)
Adjusted balance as at 01.01.2019	48,115	-	(22,246)	93	4,049	(3,947)	108	26,172	10,549	36,721
Loss for the financial period	-	-	-	-	-	-	(2,440)	(2,440)	(1,083)	(3,523)
Other comprehensive loss for the financial period	-	-	-	-	(209)	-	-	(209)	-	(209)
Total comprehensive loss for the financial period	-	-	-	-	(209)	-	(2,440)	(2,649)	(1,083)	(3,732)
Balance as at 31.12.2019	48,115	-	(22,246)	93	3,840	(3,947)	(2,332)	23,523	9,466	32,989

Cumulative year ended 31 DECEMBER 2018

	Non distributable					Distributable		TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	WARRANT RESERVE	CURRENCY FLUCTUATION RESERVE	OTHER RESERVE	RETAINED EARNINGS			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance as at 31.12.2017, as previously stated	48,115	-	(22,246)	93	4,347	(3,947)	4,549	30,911	12,643	43,554
Effect on adopting MFRS 9	-	-	-	-	-	-	(28)	(28)	-	(28)
Adjusted balance as at 01.01.2018	48,115	-	(22,246)	93	4,347	(3,947)	4,521	30,883	12,643	43,526
Transactions with owners:-										
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(470)	(470)
Total transactions with owners	-	-	-	-	-	-	-	-	(470)	(470)
Loss for the financial period	-	-	-	-	-	-	(4,326)	(4,326)	(1,624)	(5,950)
Other comprehensive loss for the financial period	-	-	-	-	(298)	-	-	(298)	-	(298)
Total comprehensive loss for the financial period	-	-	-	-	(298)	-	(4,326)	(4,624)	(1,624)	(6,248)
Balance as at 31.12.2018	48,115	-	(22,246)	93	4,049	(3,947)	195	26,259	10,549	36,808

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2019**

	12 months ended	
	31/12/2019	31/12/2018
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(5,569)	(6,069)
Adjustments for:		
Allowance for impairment loss on trade receivables	77	44
Bad debt written off	625	214
Depreciation of property, plant and equipment	4,556	4,585
Amortisation of right-of-use assets	3,416	-
Property, plant and equipment written off	431	-
Interest expenses	513	236
Interest income	(15)	(14)
Unrealised gain on foreign exchange	(288)	(222)
Operating profit/(loss) before working capital changes	<u>3,746</u>	<u>(1,226)</u>
Changes in working capital:-		
Inventories	296	782
Receivables	4,410	2,313
Payables	(4,589)	5,025
CASH GENERATED FROM OPERATIONS	<u>3,863</u>	<u>6,894</u>
Interest paid	(513)	(236)
Tax refunded	562	300
NET CASH FROM OPERATING ACTIVITIES	<u>3,912</u>	<u>6,958</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,900)	(7,808)
Proceeds from disposal of property, plant and equipment	301	-
Interest received	15	14
Placements of deposits pledged with licenced banks	(12)	(12)
Dividend paid to non-controlling interest	-	(470)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,596)</u>	<u>(8,276)</u>
FINANCING ACTIVITIES		
Repayment of account receivables financing	(99)	(38)
Advances from directors	-	1,877
Repayment of finance lease liabilities	(47)	(52)
Repayment of lease liabilities	(3,386)	-
Proceed from term loan	2,169	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<u>(1,363)</u>	<u>1,787</u>
CASH AND CASH EQUIVALENTS		
Net changes	953	469
Brought forward	5,102	4,620
Effects of exchange translation differences on cash and cash equivalents	(25)	13
Carried forward	<u>6,030</u>	<u>5,102</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. Basis of Preparation

The Condensed Interim Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complied with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to these condensed consolidated 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 financial year ended 31 December 2018.

2. Significant Accounting Policies

There are no new MFRSs or interpretations that are effective for the first time in this quarter that would be expected to have a material effect of the Group.

The 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 2018 except for changes arising from the adoption of MFRS 16 *Leases* as described below:

Adoption of MFRS 16 Leases

The Group has adopted MFRS 16 *Leases* with effective from 1 January 2019. The standard replaces the MFRS 117 *Leases*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its present obligations to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains unchanged to the current standard which continues to be classified as finance or operating lease.

As allowed by the transactional provision, the Group applies modified retrospective approach without any restatement of comparative information and its impact of adopting MFRS 16 was recognised as an adjustment to the opening balance of components at 1 January 2019 as follows.

2. Significant Accounting Policies (continued)

Adoption of MFRS 16 Leases (continued)

Impact of change in accounting policies in Condensed Consolidated Statement of Financial Position as at 1 January 2019

Opening Balance	As previously reported RM'000	MFRS 16 adjustment RM'000	After adjustment RM'000
<u>Assets</u>			
Right-of-use assets			
- Non-current assets	-	7,224	7,224
<u>Liabilities</u>			
Lease liabilities			
- Non-current assets	-	3,978	3,978
- Current assets	-	3,333	3,333
<u>Equity</u>			
Retained earnings	195	(87)	108

3. Audit Report of Preceding Annual Financial Statements

The preceding year annual audited financial statements were not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's operations were not subject to any seasonal or cyclical changes.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Except for the legal liability arising from litigation (see Note 22), there was no other item which is unusual because of its size or incidences that has affected the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates for the quarter ended 31 December 2019.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

8. Dividend Paid

There were no dividends declared or paid by the Group for the current quarter under review.

9. Segmental Reporting

The segmental results of the Group for the current and previous financial year-to-date under review is set out below:

Geographical information		
Revenue information based on the geographical location of customers are as follows:-		
Location	12 Months Ended	12 Months Ended
	31.12.2019	31.12.2018
	RM'000	RM'000
People’s Republic of China	6,916	13,036
Malaysia	25,634	30,053
Singapore	38,759	40,712
Others	2,892	1,413
Inter segment	(15,586)	(16,873)
	58,615	68,341

The business of the Group is generated from the business of surface treatment, precision cleaning, clean bulkpack and related service mainly in HDD and consumer electrics industries and there is only one business segment identified by the management.

10. Valuation of Property, Plant and Equipment

The Group’s property, plant and equipment were stated at cost less accumulated depreciation.

11. Material Events Subsequent to the End of the Current Financial Quarter

On 22 January 2020, the company private placement of new ordinary shares representing up to 10% of its total number of issue shares were substantially fully subscribed. 17.5 million new ordinary shares were issued at 15 sen per share. The Company now has a total of 196,278,000 ordinary shares with paid up capital of RM50,739,582.

Except for the above mentioned, there were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

13. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

The Group has secured bank guarantee given to the Royal Malaysian Customs Department for RM442,500.

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter.

14. Capital Commitment

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Authorised but not contracted for:-		
Office equipment, electrical fittings and furniture and fittings	3	94
Plant and machineries	298	159
	301	253

15. Review of Performance

Comparison between Current Financial Quarter Ended 31 December 2019 and Previous Corresponding Quarter Ended 31 December 2018

A summary of the Group’s performance is set out below:-

	3 Months Ended			
	31.12.2019	31.12.2018		
	Surface Treatment & Precision Cleaning RM'000	Surface Treatment & Precision Cleaning RM'000	Increase/(Decrease) RM'000	%
Revenue	15,934	16,399	(465)	(2.84)
Gross profit	3,822	2,818	1,004	35.63
Loss before tax	(1,559)	(4,987)	3,428	NA
Profit/(Loss) after tax	529	(4,741)	5,270	NA
Profit/(Loss) attributable to owners of the parent	250	(3,134)	3,384	NA

Surface Treatment & Precision Cleaning Division

Revenue for the current quarter decreased by 2.84% as compared to the previous corresponding quarter. The decline is mainly from reduction of surface treatment services.

Overall gross profit margin increased from 17.18% to 23.99% in the current quarter. In the previous corresponding quarter, surface treatment services has taken on more lower margin HDD sales.

The Group’s administrative expenses was almost the same as compared to the previous corresponding quarter.

The Group’s other expenses was decreased by a net RM2.63 million mainly due to RM3.33 million relating to legal liability expenses provided in previous corresponding quarter, partially offset by current quarter increase of bad debts written off of approximately RM473,000 and property, plant and equipment written off approximately RM431,000.

The Group’s finance cost was increased by RM15,000 mainly due to lease liabilities interest charged according to the new accounting standard adopted (MFRS 16) in the current financial quarter.

Overall, the Group reported a loss before tax of RM1.56 million in the current financial quarter as compared to a loss before tax of RM4.99 million in the previous year corresponding quarter.

15. Review of Performance (continued)

Comparison between Current Year-to-date Ended 31 December 2019 and Previous Corresponding Year-to-date Ended 31 December 2018

A summary of the Group’s performance is set out below:-

	12 Months Ended		Increase/(Decrease)	
	31.12.2019	31.12.2018		
	Surface Treatment & Precision Cleaning RM’000	Surface Treatment & Precision Cleaning RM’000	RM’000	%
Revenue	58,615	68,341	(9,726)	(15.00)
Gross profit	11,625	15,251	(3,626)	(23.49)
Loss before tax	(5,569)	(6,069)	500	NA
Loss after tax	(3,523)	(5,950)	2,427	NA
Loss attributable to owners of the parent	(2,440)	(4,326)	1,886	NA

Surface Treatment & Precision Cleaning Division

Revenue for the current year-to-date decreased by 15.00% as compared to the previous corresponding year-to-date. The decline is mainly all surface treatment services.

Overall gross profit margin decreased from 22.32% to 19.83% in the current year-to-date mainly due to surface treatment services were impacted by high rework of certain project in quarter 2 of 2019 and lower revenue from its HDD segment.

The Group’s administrative expenses decreased by RM1.45 million mainly due to decrease of management indirect staff cost approximately RM0.24 million, decrease of rental expenses approximately RM0.46 million and decrease in administrative expenses of RM756,000 from the cessation of our factory in Chongqing in current year-to-date.

The Group’s finance cost was increased by RM0.28 million mainly due to lease liabilities interest charged according to the new accounting standard adopted (MFRS 16) in the current financial year-to-date.

Overall, the Group reported a loss before tax of RM5.57 million in the current financial year-to-date as compared to a loss before tax of RM6.07 million in the previous corresponding year-to-date.

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Increase/(Decrease)	
	31.12.2019	30.09.2019		
	Surface Treatment & Precision Cleaning RM’000	Surface Treatment & Precision Cleaning RM’000	RM’000	%
Revenue	15,934	15,768	166	1.05
Gross profit	3,822	3,339	483	14.47
Loss before tax	(1,559)	(516)	(1,043)	NA
Profit/(Loss) after tax	529	(516)	1,045	NA
Profit attributable to owners of the parent	250	107	143	133.64

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter (continued)

Surface Treatment & Precision Cleaning Division

Revenue for the current quarter remain about the same as the immediate preceding quarter and overall gross profit margin improved from 21.18% to 23.99%.

The Group’s other expenses increased by approximately RM1.05 million mainly due to bad debts written off of approximately RM473,000 and property, plant and equipment written off approximately RM431,000 as compared with the immediate preceding quarter.

The Group registered a loss before tax of RM1.56 million as compared to a loss before tax of RM0.52 million in the immediate preceding quarter.

17. Future Prospects

Demand for our surface treatment and precision cleaning services has historically been lower in the first half year as compared with the second half of the year. This revenue trend is expected to be more pronounced this year 2020 as the first quarter will be impacted by the effects of the Covid 19 virus outbreak. The travel restrictions to contain the viral outbreak affected the supply of workers and along with other disruption to the supply chain.

We expect the situation to improve by the second quarter of 2020.

18. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter.

19. Status of Corporate Proposals

Warrants 2015/2020 with exercise right expiring on 7 October 2020

Up to 31 December 2019, the total number of warrants converted into ordinary shares at RM0.25 each and the number of unexercised warrants are as follows:

Total number of warrants listed	Total number of warrants converted into ordinary shares	Total number of unexercised warrants
28,175,996	5,000,000	23,175,996

20. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 December 2019 presented as follows:-

	As at 4th quarter ended 2019					
	Long term		Short term		Total borrowings	
	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000
Secured						
Finance lease liability	39	144	12	61	51	205
Term loan	-	2,106	-	63	-	2,169
Factoring loan	-	-	1,044	3,173	1,044	3,173

20. Group Borrowings and Debt Securities (continued)

The Group’s borrowings as at 31 December 2019 presented as follows (continued):-

	As at 4th quarter ended 2018					
	Long term		Short term		Total borrowings	
	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000
Secured						
Finance lease liability	-	45	-	48	-	93
Factoring loan	-	-	1,076	3,262	1,076	3,262

The total borrowings denominated in foreign currency as at 31 December 2019 are: -

	RM’000
Foreign currency – SGD 1,043,913 @ RM3.0395/SGD	<u>3,173</u>

The factoring loan is charged at an effective interest rate of approximately 3.75% per annum. The finance lease liabilities are charged at an effective interest rate of 3.35% per annum. The term loan is charged at an effective interest rate of 4.40% per annum.

21. Off Balance Sheet Financial Instruments

As at 31 December 2019, the Group is a party to a foreign currency forward contract of USD350,000 at the rate ranging from 1.3688 to 1.3755. Had the contract been settled at the financial position date, the net effect on the exchange exposure is a decrease in the gain of RM9,200.

22. Material Litigation

On 16 February 2016, Petroliam Nasional Berhad (“Petroliam”) and Petronas Gas Berhad (“PGB”) (“collectively referred to as “Petronas”), through their appointed solicitor, have issued a letter of demand to the Company’s subsidiaries, DWZ Industries Sdn. Bhd. (“DWZ”) and DWZ Industries (Johor) Sdn. Bhd. (“DWZ Johor”) (“collectively referred to as “DWZ Entities”) for unlawful entry into PGB’s land by way of installing a piping structure under the land and discharge of foreign effluent which caused damage to PGB’s pipeline. The amount of damages demanded is RM46,754,614.07. DWZ Entities through its solicitor has taken all measures to resist the claim.

On 31 October 2016, DWZ Entities was served with a writ and a statement of claim in respect of the Civil Action commenced by PGB. The trial for Johor Bahru Civil Suit No. JA-22NCVC-204-10/2016, between PGB and DWZ Entities, has progressed on 11 March 2018, 20 May 2018, 6 June 2018, 18 June 2018, 19 June 2018, 20 June 2018 and 21 June 2018.

The decision of the Johor Bahru High Court on 19 December 2018 has held DWZ Entities to be jointly and severally liable to PGB for their pleaded claim for unlawful entry into PGB’s land, tort of trespass, nuisance and negligence for the discharge of foreign effluent causing damage to PGB’s pipeline. The Court has issued declarations to that effect and has issued an injunction against the Defendants’ their servants and agents from entering the Plaintiff’s land, constructing or installing or causing to be constructed or installing any piping or structure on the Plaintiff’s land and to injunct the DWZ Entities from releasing or discharging any effluents to the Plaintiff’s land.

22. Material Litigation (continued)

The High Court has ordered damages against DWZ Entities in the amount of RM 3,226,243.00 together with interest at the rate of 5% per annum from the date of loss till the date of full payment and costs in the amount of RM 100,000.00.

DWZ Entities have appealed against the High Court decision dated 19 December 2018 on both liability and quantum. A Notice of Appeal to the Court of Appeal, Putrajaya, was filed by solicitors for DWZ Entities on 16 January 2019.

DWZ Entities have appealed against the High Court decision dated 19.12.2018 on both liability and quantum. A Notice of Appeal to the Court of Appeal, Putrajaya, was filed by solicitors for DWZ Entities on 16.1.2019. The hearing of the appeal was originally fixed for 11th November 2019.

Parties have through negotiations arrived at a settlement, which has been formalized and signed. The salient terms are as follows:

- DWZ Entities are to pay the sum of RM 3,150,000.00 in 24 equal consecutive monthly instalments of RM131,250.00 each month by way of post-dated cheques to PGB
- Save the declaration and the injunction order in the Judgment which continues, each Party has no further claim against the other in respect of the Judgment
- In the event of default of any payment or instalment, PGB will be at liberty to treat the total amount payable under the Judgment minus all sums paid by DWZ Entities, if any, as immediately due and owing and to enforce the same by execution
- Parties agree that this is a final settlement of all claims, demands, actions and suits of whatsoever nature relating to and/or in connection with the Dispute

23. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 31 December 2019.

24. Tax (Income)/Expense

Details of taxation are as follows: -

	3 Months Ended		12 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Current taxation	40	(68)	62	59
(Over)/Under provision in prior year	(10)	(197)	10	(197)
Deferred tax	(2,118)*	19	(2,118)*	19
	<u>(2,088)</u>	<u>(246)</u>	<u>(2,046)</u>	<u>(119)</u>
Effective tax rate	(134%)	(5%)	(37%)	(2%)
Statutory tax rate	24%	24%	24%	24%
Variance	158%	29%	61%	26%

The group's effective tax rate was lower than the statutory tax rate mainly due to recognition of deferred tax asset.

*Mainly representing deferred tax asset recognised from unused tax losses arising from a subsidiary in Singapore as management considered the subsidiary had commenced profit-making for some time to the extent that it is probable that taxable profit will be available against which such tax losses can be utilised.

25. Earnings/(Loss) Per Share (“EPS/LPS”)

The calculation of the earnings/(loss) per share is based on the net profit divided by the weighted average number of ordinary shares.

	3 Months Ended		12 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit/(loss) for the period attributable to owners of the parent (RM'000)	250	(3,134)	(2,440)	(4,326)
Weighted average number of ordinary shares in issue ('000)	178,778	178,778	178,778	178,778
Basic earnings/(loss) per share (sen)	0.14	(1.75)	(1.36)	(2.42)
Diluted weighted average no. of ordinary shares ('000)	201,954	201,954	201,954	201,954
Diluted earnings/(loss) per share (sen)	0.12	(1.55)	(1.21)	(2.14)

26. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Loss before tax is arrived at after charging/(crediting) the following items:-

	3 Months Ended 31 December 2019 RM'000	12 Months Ended 31 December 2019 RM'000
(a) Interest income	(13)	(15)
(b) Other income including investment income	(42)	(398)
(c) Interest expenses	133	513
(d) Depreciation and amortisation	2,067	7,972
(e) Bad debts written off	536	625
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of assets	77	77
(i) Foreign exchange loss/(gain)	85	(32)
(j) Gain or loss on derivatives	-	-
(k) Exceptional items	-	-

- End -