

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 JUNE 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2019 RM '000	PRECEDING YEAR QUARTER 30/06/2018 RM '000	CURRENT YEAR TO DATE 30/06/2019 RM '000	PRECEDING YEAR TO DATE 30/06/2018 RM '000
Revenue	87,176	87,951	168,150	171,576
Interest income	517	600	1,081	1,158
Impairment gains/(losses) on financial assets	3	27	(59)	46
Operating expenses	(83,462)	(87,478)	(162,807)	(173,174)
Other income	673	1,117	862	1,300
Finance costs	(864)	(354)	(1,740)	(630)
Share of associates' (loss)/profit	(440)	164	(544)	282
Profit before tax (Note 18)	3,603	2,027	4,943	558
Tax income/(expense)	197	(1,161)	(747)	(1,153)
Profit/(Loss) for the period	3,800	866	4,196	(595)
Profit/(Loss) for the period attributable to:				
Owners of the Company	3,801	868	4,201	(592)
Non-controlling interests	(1)	(2)	(5)	(3)
	3,800	866	4,196	(595)
Earnings/(Loss) per share (sen):				
(a) Basic	1.37	0.31	1.51	(0.21)
(b) Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2019

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/06/2019 RM '000	PRECEDING YEAR QUARTER 30/06/2018 RM '000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/06/2019 RM '000	PRECEDING YEAR TO DATE 30/06/2018 RM '000
Profit/(Loss) for the period	3,800	866	4,196	(595)
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences for foreign operations	(2,004)	(1,100)	6	(2,363)
Other comprehensive income for the period	(2,004)	(1,100)	6	(2,363)
Total comprehensive income for the period	1,796	(234)	4,202	(2,958)
Total comprehensive income for the period attributable to:				
Owners of the Company	1,797	(232)	4,207	(2,955)
Non-controlling interests	(1)	(2)	(5)	(3)
	1,796	(234)	4,202	(2,958)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)

GUH HOLDINGS BERHAD (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	AS AT 30/06/2019 RM '000	AS AT 31/12/2018 RM '000
Non-Current Assets		
Property, Plant and Equipment	119,602	123,859
Investment Properties	35,746	36,091
Goodwill	-	-
Right-of-use Assets	28,508	28,467
Investments in Associates	16,914	17,463
Other Investments	1	1
Inventories	168,547	167,332
Deferred Tax Assets	1,005	1,069
	<u>370,323</u>	<u>374,282</u>
Current Assets		
Biological Assets	83	346
Inventories	123,401	124,246
Contract Costs	45	60
Contract Assets	6,306	8,130
Receivables	73,596	71,228
Prepayments	2,883	2,188
Current Tax Assets	2,961	2,711
Cash and Cash Equivalents	95,182	106,514
	<u>304,457</u>	<u>315,423</u>
Current Liabilities		
Contract Liabilities	4,108	8,353
Payables	83,944	94,232
Loans and Borrowings	17,393	22,291
Lease Liabilities	222	217
Derivatives	-	37
Provision for Onerous Contract	38	144
Current Tax Liabilities	1,886	1,943
	<u>107,591</u>	<u>127,217</u>
Net Current Assets	196,866	188,206
Non-Current Liabilities		
Loans and Borrowings	44,342	43,925
Lease Liabilities	914	384
Deferred Tax Liabilities	12,020	12,468
	<u>57,276</u>	<u>56,777</u>
Net Assets	509,913	505,711
Equity		
Share Capital	277,992	277,992
Treasury Shares	(148)	(4,546)
Reserves	232,077	232,268
Equity Attributable to Owners of the Company	509,921	505,714
Non-controlling Interests	(8)	(3)
Total Equity	509,913	505,711
Net Assets per Share Attributable to Owners of the Company (RM)	1.84	1.84

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2019

	← Non-Distributable →				Distributable		Equity attributable to owners of the Company RM '000	Non-controlling interests RM '000	Total equity RM '000
	Share capital RM '000	Treasury shares RM '000	Capital reserve RM '000	Fair value reserve RM '000	Currency translation reserve RM '000	Retained profits RM '000			
At 01/01/2019	277,992	(4,546)	13,737	-	33,912	184,619	505,714	(3)	505,711
Currency translation differences for foreign operations (representing other comprehensive income for the period)	-	-	-	-	6	-	6	-	6
Profit for the period	-	-	-	-	-	4,201	4,201	(5)	4,196
Comprehensive income for the period	-	-	-	-	6	4,201	4,207	(5)	4,202
Distribution of treasury shares as share dividends (representing total transaction with owners)	-	4,398	-	-	-	(4,398)	-	-	-
Transfer to capital reserve *	-	-	180	-	-	(180)	-	-	-
At 30/06/2019	277,992	(148)	13,917	-	33,918	184,242	509,921	(8)	509,913
At 01/01/2018	277,992	(4,546)	12,807	1	37,937	188,229	512,420	2	512,422
- Brought forward from preceding year	-	-	-	(1)	-	1	-	-	-
Effects of adopting MFRS 9	277,992	(4,546)	12,807	-	37,937	188,230	512,420	2	512,422
Adjusted	-	-	-	-	(2,363)	-	(2,363)	-	(2,363)
Currency translation differences for foreign operations (representing other comprehensive income for the period)	-	-	-	-	-	(592)	(592)	(3)	(595)
Loss for the period	-	-	-	-	(2,363)	(592)	(2,955)	(3)	(2,958)
Comprehensive income for the period	-	-	-	-	-	(324)	-	-	-
Transfer to capital reserve *	-	-	324	-	-	(324)	-	-	-
At 30/06/2018	277,992	(4,546)	13,131	-	35,574	187,314	509,465	(1)	509,464

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2019**

	CURRENT YEAR TO DATE 30/06/2019 RM '000	CURRENT YEAR TO DATE 30/06/2018 RM '000
Cash flows from operating activities		
Profit before tax	4,943	558
Adjustments for:		
Amortisation of right-of-use assets	773	664
Depreciation	7,506	6,929
Fair value losses on financial instruments	5	243
Fair value changes in biological assets	263	150
Impairment losses/(gains) on financial assets	59	(46)
Interest expense	1,740	630
Interest income	(1,081)	(1,158)
Inventories written down	275	176
(Gain)/Loss on disposal of property, plant and equipment	(61)	23
Property, plant and equipment written off	1	-
Reversal of inventories written down	(132)	(163)
Share of associates' loss/(profit)	544	(282)
Unrealised gain on foreign exchange	(27)	(791)
	<u>14,808</u>	<u>6,933</u>
Operating profit before working capital changes	14,808	6,933
Changes in:		
Contract costs	15	-
Contract assets	1,824	7,682
Inventories	(513)	519
Receivables	(1,905)	5,446
Prepayments	(695)	191
Contract liabilities	(4,245)	3,749
Derivatives	(37)	-
Payables	(10,359)	(6,867)
Provision	(106)	-
Cash (absorbed by)/generated from operations	<u>(1,213)</u>	<u>17,653</u>
Tax paid	<u>(1,664)</u>	<u>(4,264)</u>
Tax refunded	<u>190</u>	<u>40</u>
	<u>(1,474)</u>	<u>(4,224)</u>
Net cash (used in)/from operating activities	(2,687)	13,429
Cash flows from investing activities		
Additions of investment properties	<u>(100)</u>	<u>(17,109)</u>
Payment of right-of-use assets	<u>(33)</u>	<u>-</u>
Interest received	1,081	1,158
Proceeds from disposal of other investments	-	407
Proceeds from disposal of property, plant and equipment	73	3
Purchase of property, plant and equipment	<u>(2,774)</u>	<u>(4,513)</u>
Net cash used in investing activities	(1,753)	(20,054)
Cash flows from financing activities		
Changes in term deposits pledged as security	<u>660</u>	<u>(2,517)</u>
Drawdown of term loans	417	19,271
Increase in short-term loans and borrowings (net)	747	3,210
Interest paid	(1,721)	(1,309)
Payment of lease liabilities	(231)	(129)
Repayment of term loans	<u>(5,664)</u>	<u>(3,577)</u>
Net cash (used in)/from financing activities	(5,792)	14,949
Currency translation differences	<u>(440)</u>	<u>(1,252)</u>
Net (decrease)/increase in cash and cash equivalents	(10,672)	7,072
Cash and cash equivalents brought forward	<u>102,930</u>	<u>92,788</u>
Cash and cash equivalents carried forward	<u>92,258</u>	<u>99,860</u>
Note:		
Cash and cash equivalents	95,182	105,248
Term deposits pledged as security	(2,924)	(5,388)
	<u>92,258</u>	<u>99,860</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

1. Basis of Preparation

The interim financial report has been prepared in accordance with requirements of MFRS 134: "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018.

The same accounting policies and methods of computation are followed in the interim financial report as compared with the annual financial statements for the year ended 31 December 2018 except for the adoption of the following MFRS:

	<u>Effective for annual periods beginning on or after</u>
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019

The adoption of the above MFRS did not have any significant impacts on the financial statements of the Group except as follows:-

MFRS 16 Leases

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group has adopted MFRS 16 *Leases* from 1 January 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117 *Leases*.

	As previously reported RM'000	Reclassification to MFRS16 category RM'000	MFRS16 RM'000
<u>Consolidated Statement of Financial Position (Extract)</u>			
<u>As at 31 December 2018</u>			
Property, Plant and Equipment	152,326	(28,467)	123,859
Right-of-use Assets	-	28,467	28,467
Lease Liabilities (Current Liabilities)	-	217	217
Lease Liabilities (Non-Current Liabilities)	-	384	384
Loans and Borrowings (Current Liabilities)	22,508	(217)	22,291
Loans and Borrowings (Non-Current Liabilities)	44,309	(384)	43,925
	As previously stated RM'000	MFRS16 adjustments RM'000	As restated RM'000
<u>As at 1 January 2019</u>			
Right-of-use Assets	28,467	377	28,844
Lease Liabilities (Current Liabilities)	217	144	361
Lease Liabilities (Non-Current Liabilities)	384	233	617

2. Audit Report

The preceding annual financial statements of the Group were reported on without any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current year quarter and period ended 30 June 2019.

5. Changes in Estimates

There were no changes in the estimates that have a material effect in the current year quarter and period ended 30 June 2019.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current year quarter and period ended 30 June 2019.

7. Dividend Paid

On 27 November 2018, the Board of Directors proposed a distribution of one (1) treasury share for every eighty (80) existing ordinary shares held ("Share Dividend"). The book closure date for the Share Dividend was 18 December 2018. The treasury shares distributed pursuant to the Share Dividend were credited into the Depositor's securities accounts on 16 January 2019.

8. Segmental Reporting

Analysis by activity	Electronic	Properties			Utilities	Unallocated Non-Operating Segments RM '000	Group RM '000
	Manufacture of Printed Circuit Boards RM '000	Property Development RM '000	Sale of Building Materials RM '000	Cultivation of Oil Palm RM '000	Water and Wastewater Treatment RM '000		
Revenue							
Total revenue	146,797	8,270	2,936	536	9,359	3,857	171,755
Intersegment revenue	-	(55)	(13)	-	(559)	(2,978)	(3,605)
External revenue	146,797	8,215	2,923	536	8,800	879	168,150
Results							
Segment results	7,026	369	(50)	(603)	1,052	(1,648)	6,146
Interest income	904	112	7	-	6	52	1,081
Interest expense	(638)	(412)	-	-	(13)	(677)	(1,740)
Share of associates' loss	-	-	-	-	-	(544)	(544)
Profit/(Loss) before tax	7,292	69	(43)	(603)	1,045	(2,817)	4,943
Tax (expense)/income	(700)	(69)	(1)	63	-	(40)	(747)
Profit/(Loss) for the period	6,592	-	(44)	(540)	1,045	(2,857)	4,196
Assets							
Segment assets	312,879	257,683	3,917	22,542	17,031	39,848	653,900
Associates	-	-	-	-	-	16,914	16,914
Income tax assets	1	3,569	7	70	319	-	3,966
Total assets	312,880	261,252	3,924	22,612	17,350	56,762	674,780
Liabilities							
Segment liabilities	45,288	12,135	1,246	50	10,959	18,412	88,090
Loans and borrowings	23,213	13,145	-	-	747	24,630	61,735
Lease liabilities	98	581	-	-	-	457	1,136
Income tax liabilities	12,028	117	7	105	-	1,649	13,906
Total liabilities	80,627	25,978	1,253	155	11,706	45,148	164,867

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

9. Subsequent Material Events

There were no material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period ended 30 June 2019.

11. Contingent Liabilities or Contingent Assets

The Group has no contingent liabilities and contingent assets as at the end of the current year quarter or last annual reporting date.

12. Significant Related Party Transactions

Significant transactions with related parties during the period ended 30 June 2019 are as follows:

	30/06/2019 RM '000
Purchase of goods from other related party (a)	5,575
Purchase of property, plant and equipment from other related parties (a)(b)	162
Receiving of services from other related party (b)	481
Rental charged by other related party (a)	57
Rental charged to other related party (a)	86
Rental charged to associate	793
Sale of goods to other related party (a)	1,332
	1,332

(a) Being companies in which certain directors have substantial financial interests

(b) Being company in which close family member of certain director has substantial financial interests

13. Review of the Performance

Operating Segment	Current Year Quarter 30/06/2019 RM '000	Preceding Year Quarter 30/06/2018 RM '000	Changes RM '000	Current Year To Date 30/06/2019 RM '000	Preceding Year To Date 30/06/2018 RM '000	Changes RM '000
Revenue						
Electronic						
- Manufacture of printed circuit boards	77,463	72,431	5,032	146,797	137,965	8,832
Properties						
- Property development	3,064	7,004	(3,940)	8,215	11,002	(2,787)
- Sale of building materials	1,373	1,750	(377)	2,923	4,056	(1,133)
- Cultivation of oil palm	237	206	31	536	618	(82)
Utilities						
- Water and wastewater treatment	4,599	6,560	(1,961)	8,800	17,935	(9,135)
Unallocated non-operating segments	440	-	440	879	-	879
Total	87,176	87,951	(775)	168,150	171,576	(3,426)
Profit/(Loss) before tax						
Electronic						
- Manufacture of printed circuit boards	4,896	3,421	1,475	7,292	3,251	4,041
Properties						
- Property development	(277)	369	(646)	69	(327)	396
- Sale of building materials	(27)	(20)	(7)	(43)	21	(64)
- Cultivation of oil palm	(205)	(82)	(123)	(603)	(66)	(537)
Utilities						
- Water and wastewater treatment	965	(413)	1,378	1,045	(373)	1,418
Unallocated non-operating segments	(1,749)	(1,248)	(501)	(2,817)	(1,948)	(869)
Total	3,603	2,027	1,576	4,943	558	4,385

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

13. Review of the Performance (cont'd)

a) Current Year Quarter vs Preceding Year Quarter

The Group's profit before tax of RM 3.6 million for the current year quarter ended 30 June 2019 was higher compared to RM 2.0 million for the preceding year quarter mainly due to improved contribution from Electronic and Utilities Divisions which were partly offset by negative contribution from Properties Division.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 30 June 2019 compared to the preceding year quarter is as follows:

i) Manufacture of printed circuit boards

Profit before tax increased to RM 4.9 million from RM 3.4 million mainly due to higher contribution from Malaysia operation on favourable sales mix and foreign exchange.

ii) Property development

The loss before tax of RM 0.3 million was in contrast to a profit before tax of RM 0.4 million in line with lower residential property units sold.

iii) Sale of building materials

Loss before tax was almost the same at RM 0.02 million.

iv) Cultivation of oil palm

Loss before tax increased to RM 0.2 million from RM 0.1 million mainly due to higher rental expense.

v) Water and wastewater treatment

The profit before tax of RM 1.0 million was in contrast to a loss before tax of RM 0.4 million mainly due to reversal of provision for liquidated ascertained damages on water projects.

vi) Unallocated non-operating segments

Loss before tax increased to RM 1.7 million from RM 1.2 million mainly due to negative contribution from associates.

b) Current Year To Date vs Preceding Year To Date

For the period ended 30 June 2019, the Group recorded a higher profit before tax of RM 4.9 million compared to RM 0.6 million for the preceding year to date mainly due to improved contribution from Electronic and Utilities Divisions which were partly offset by negative contribution from unallocated non-operating segments.

Detailed analysis of the performance of the Group's operating segments for the period ended 30 June 2019 compared to the preceding year to date is as follows:

i) Manufacture of printed circuit boards

Profit before tax increased to RM 7.3 million from RM 3.3 million mainly due to higher contribution from Malaysia operation on favourable sales mix and foreign exchange.

ii) Property development

The profit before tax of RM 0.07 million was in contrast to a loss before tax of RM 0.33 million mainly due to liquidated ascertained damages claim of RM 0.5 million.

iii) Sale of building materials

The loss before tax of RM 0.04 million was in contrast to a profit before tax of RM 0.02 million mainly due to lower revenue and purchase incentive.

iv) Cultivation of oil palm

Loss before tax increased to RM 0.60 million from RM 0.07 million mainly due to lower CPO prices, higher rental expense and unfavourable fair value changes in biological assets.

v) Water and wastewater treatment

The profit before tax of RM 1.0 million was in contrast to a loss before tax of RM 0.4 million mainly due to reversal of provision for liquidated ascertained damages on water projects.

vi) Unallocated non-operating segments

Loss before tax increased to RM 2.8 million from RM 1.9 million mainly due to negative contribution from associates.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

14. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

	Current Year Quarter 30/06/2019 RM'000	Immediate Preceding Quarter 31/03/2019 RM'000	Changes RM'000
Revenue	87,176	80,974	6,202
Profit Before Tax	3,603	1,340	2,263

As compared to the immediate preceding quarter, the Group's profit before tax increased to RM 3.6 million from RM 1.3 million mainly due to improved contribution from Electronic Division on higher revenue and favourable foreign exchange.

15. Prospects for 2019

Electronic Division anticipates a healthy growth in demand for PCBs in the second half of 2019.

Properties Division foresees property sales to remain soft in the second half of 2019 amidst the challenging property market conditions.

Utilities Division expects a tough market environment due to market slowdown and intense competition in the second half of 2019.

Overall, the Group foresees a tougher operating environment with the escalating US-China trade war in the second half of 2019.

16. Variance from Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

17. Revenue

The revenue is disaggregated by major products or service lines as follows:

Current Year Quarter 30/06/2019							
Segment	Electronic	Properties			Utilities	Others	Group RM '000
Major products / Service lines	Manufacture of Printed Circuit Boards RM '000	Property Development RM '000	Sale of Building Materials RM '000	Cultivation of Oil Palm RM '000	Water and Wastewater Treatment RM '000	Rental Income RM '000	
<u>Timing of revenue recognition</u>							
Over time	-	1,227	-	-	4,599	-	5,826
At a point in time	77,463	1,837	1,373	237	-	-	80,910
Income not within the scope of MFRS 15	-	-	-	-	-	440	440
	77,463	3,064	1,373	237	4,599	440	87,176

Current Year To Date 30/06/2019							
Segment	Electronic	Properties			Utilities	Others	Group RM '000
Major products / Service lines	Manufacture of Printed Circuit Boards RM '000	Property Development RM '000	Sale of Building Materials RM '000	Cultivation of Oil Palm RM '000	Water and Wastewater Treatment RM '000	Rental Income RM '000	
<u>Timing of revenue recognition</u>							
Over time	-	3,288	-	-	8,800	-	12,088
At a point in time	146,797	4,927	2,923	536	-	-	155,183
Income not within the scope of MFRS 15	-	-	-	-	-	879	879
	146,797	8,215	2,923	536	8,800	879	168,150

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

18. Profit Before Tax

	Current Year Quarter 30/06/2019 RM'000	Current Year To Date 30/06/2019 RM'000
Profit before tax is arrived at after charging:		
- Interest expense	864	1,740
- Depreciation	3,759	7,506
- Amortisation of right-of-use assets	395	773
- Impairment losses on financial assets	-	59
- Inventories written down	227	275
- Inventories written off	-	-
- Loss on disposal of property, plant and equipment	-	-
- Property, plant and equipment written off	1	1
- Loss on foreign exchange - realised	67	38
- Loss on foreign exchange - unrealised	-	-
- Fair value losses on financial instruments	-	40
- Fair value changes in biological assets	7	263
- Exceptional items	-	-
and crediting:		
- Interest income	517	1,081
- Dividend income	-	-
- Impairment gains on financial assets	3	-
- Gain on disposal of property, plant and equipment	1	61
- Gain on foreign exchange - realised	-	-
- Gain on foreign exchange - unrealised	1,295	27
- Fair value gains on financial instruments	-	-
- Fair value changes in biological assets	-	-
- Reversal of inventories written down	68	132

19. Taxation

Taxation comprises:

	Current Year Quarter 30/06/2019 RM '000	Current Year To Date 30/06/2019 RM '000
Income tax	(522)	(1,135)
Deferred tax	719	388
	<u>197</u>	<u>(747)</u>

The Group's effective tax rates differ from the statutory tax rate mainly because:

- (i) certain income and expenses which are not taxable and allowable;
- (ii) utilisation of reinvestment allowances and unabsorbed business losses by certain subsidiaries; and
- (iii) differential tax rates for certain subsidiaries.

20. Status of Corporate Proposals

There were no corporate proposals as at the date of this announcement.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

21. Group Borrowings and Debt Securities

The details of the Group borrowings and debt securities are as follows:

	As at 30 June 2019					
	Long Term		Short Term		Total Borrowings	
	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000
Secured						
Term Loans	-	34,239	-	3,536	-	37,775
	-	34,239	-	3,536	-	37,775
Unsecured						
Term Loans	-	10,103	-	3,110	-	13,213
Revolving Credit	-	-	-	10,000	-	10,000
Bankers Acceptance	-	-	-	747	-	747
	-	10,103	-	13,857	-	23,960
Total	-	44,342	-	17,393	-	61,735

	As at 30 June 2018					
	Long Term		Short Term		Total Borrowings	
	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000
Secured						
Term Loans	-	34,825	-	4,863	-	39,688
	-	34,825	-	4,863	-	39,688
Unsecured						
Term Loan	-	3,750	-	1,250	-	5,000
Revolving Credit	-	-	-	10,000	-	10,000
Foreign Currency Trust Receipts						
- USD283,755 @ 3.922	-	-	1,113	-	1,113	-
- USD385,642 @ 3.980	-	-	1,535	-	1,535	-
Onshore Foreign Currency Loans						
- USD1,119,095 @ 3.922	-	-	4,389	-	4,389	-
- USD252,595 @ 3.980	-	-	1,005	-	1,005	-
	-	3,750	8,042	11,250	8,042	15,000
Total	-	38,575	8,042	16,113	8,042	54,688

	As at 30 June 2019			As at 30 June 2018		
	Effective Interest Rate As at 30 June 2019 % p.a.	Floating Rate RM'000	Fixed Rate RM'000	Effective Interest Rate As at 30 June 2018 % p.a.	Floating Rate RM'000	Fixed Rate RM'000
	Term Loans	4.61% ~ 5.96%	50,988	-	4.86% ~ 6.11%	44,688
Revolving Credit	4.36%	-	10,000	4.61%	-	10,000
Bankers Acceptance	5.47% ~ 5.50%	-	747	-	-	-
Foreign Currency Trust Receipts	-	-	-	3.10% ~ 3.17%	-	2,648
Onshore Foreign Currency Loans	-	-	-	3.53% ~ 3.60%	-	5,394
Total		50,988	10,747		44,688	18,042
%		82.59%	17.41%		71.24%	28.76%

Compared to the period ended 30 June 2018, the Group's borrowings decreased to RM 61.7 million from RM 62.7 million mainly due to repayment of foreign currency trust receipts and onshore foreign currency loans which were partly offset by the net increase in term loans.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

22. Financial Instruments

a) Derivatives

There were no outstanding derivatives as at 30 June 2019.

b) Gains/(Losses) arising from Fair Value Changes of Financial Liabilities

There were no gains/(losses) arising from fair value changes of financial liabilities for the current year quarter ended 30 June 2019 and the losses arising from fair value changes of financial liabilities was RM 0.005 million for the period ended 30 June 2019.

c) Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- iii) Level 3 - unobservable inputs for the asset or liability.

The fair value measurement of financial instruments at the end of the reporting period are as follows:

i) Other investments

	30/06/2019 RM '000
Shares quoted in Malaysia - at fair value	1
Unquoted shares - at cost less impairment losses	- *
	1

* Less than RM1,000

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of unquoted investments cannot be reliably measured due to the lack of quoted prices in active markets for identical instruments. In addition, the variability in the range of reasonable fair value measurements is expected to be significant and the probabilities of the various estimates within the range cannot be reasonably assessed.

ii) Other financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2019.

23. Material Litigation

There was no material litigation against the Group as at 30 June 2019.

24. Proposed Dividend

No dividend has been proposed or declared for the current year quarter ended 30 June 2019.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2019**

25. **Earnings Per Share**

	Current Year Quarter 30/06/2019	Current Year To Date 30/06/2019
Profit attributable to owners of the Company (RM '000)	3,801	4,201
Number of ordinary shares in issue at the beginning of the period ('000)	277,789	274,362
Effect of shares dividend ('000)	-	3,427
Weighted average number of ordinary shares in issue ('000)	277,789	277,789
Basic earnings per share (sen)	1.37	1.51

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares in the current year quarter and period ended 30 June 2019.

26. **Authorisation for Issue**

The Board of Directors authorised the issue of this unaudited interim financial report on 19 August 2019.