

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2019 RM '000	PRECEDING YEAR QUARTER 31/12/2018 RM '000	CURRENT YEAR TO DATE 31/12/2019 RM '000	PRECEDING YEAR TO DATE 31/12/2018 RM '000
Revenue	81,826	81,007	335,990	349,124
Interest income	734	565	2,249	2,393
Impairment gains/(losses) on financial assets	76	139	7	(76)
Operating expenses	(81,688)	(81,260)	(328,515)	(349,053)
Other income	(937)	(522)	2,094	1,558
Finance costs	(748)	(1,970)	(3,305)	(3,098)
Share of associates' loss	(693)	(313)	(1,424)	(51)
(Loss)/Profit before tax (Note 18)	(1,430)	(2,354)	7,096	797
Tax expense	(210)	(1,397)	(2,086)	(3,483)
(Loss)/Profit for the period/financial year	(1,640)	(3,751)	5,010	(2,686)
(Loss)/Profit for the period/financial year attributable to:				
Owners of the Company	(1,639)	(3,750)	5,018	(2,681)
Non-controlling interests	(1)	(1)	(8)	(5)
	(1,640)	(3,751)	5,010	(2,686)
(Loss)/Earnings per share (sen):				
(a) Basic	(0.59)	(1.35)	1.81	(0.97)
(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 YEAR ENDED 31 DECEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2019 RM '000	PRECEDING YEAR QUARTER 31/12/2018 RM '000	CURRENT YEAR TO DATE 31/12/2019 RM '000	PRECEDING YEAR TO DATE 31/12/2018 RM '000
(Loss)/Profit for the period/financial year	(1,640)	(3,751)	5,010	(2,686)
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Remeasurement of defined benefit liability	(285)	-	(285)	-
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences for foreign operations	619	262	(3,472)	(4,025)
Other comprehensive income for the period/financial year	334	262	(3,757)	(4,025)
Total comprehensive income for the period/financial year	(1,306)	(3,489)	1,253	(6,711)
Total comprehensive income for the period/financial year attributable to:				
Owners of the Company	(1,305)	(3,488)	1,261	(6,706)
Non-controlling interests	(1)	(1)	(8)	(5)
	(1,306)	(3,489)	1,253	(6,711)

(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 31 DECEMBER 2019

	AS AT 31/12/2019 RM '000	AS AT 31/12/2018 RM '000
Non-Current Assets		
Property, Plant and Equipment	121,494	152,326
Investment Properties	33,907	36,091
Right-of-use Assets	27,407	-
Goodwill	-	-
Investments in Associates	15,963	17,463
Other Investments	1	1
Inventories	169,678	167,332
Prepayments	750	-
Deferred Tax Assets	802	1,069
	370,002	374,282
Current Assets		
Biological Assets	118	346
Inventories	120,525	124,246
Contract Costs	116	60
Contract Assets	7,920	8,130
Receivables	62,593	71,228
Prepayments	3,041	2,188
Current Tax Assets	478	2,711
Cash and Cash Equivalents	102,366	106,514
	297,157	315,423
Current Liabilities		
Contract Liabilities	2,393	8,353
Payables	77,352	89,527
Loans and Borrowings	23,772	22,508
Lease Liabilities	505	-
Derivatives	-	37
Provision for Onerous Contract	-	144
Current Tax Liabilities	1,687	1,943
	105,709	122,512
Net Current Assets	191,448	192,911
Non-Current Liabilities		
Loans and Borrowings	35,562	44,309
Lease Liabilities	498	-
Retirement benefits	6,544	4,705
Deferred Tax Liabilities	11,882	12,468
	54,486	61,482
Net Assets	506,964	505,711
Equity		
Share Capital	277,992	277,992
Treasury Shares	(148)	(4,546)
Reserves	229,131	232,268
Equity Attributable to Owners of the Company	506,975	505,714
Non-controlling Interests	(11)	(3)
Total Equity	506,964	505,711
Net Assets per Share Attributable to Owners of the Company (RM)	1.83	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 YEAR ENDED 31 DECEMBER 2019**

	<u>Non-Distributable</u>			<u>Distributable</u>		Equity attributable to owners of the Company	Non- controlling interests	Total equity
	Share capital RM '000	Treasury shares RM '000	Capital reserve RM '000	Currency translation reserve RM '000	Retained profits RM '000	RM '000	RM '000	RM '000
At 01/01/2019	277,992	(4,546)	13,737	33,912	184,619	505,714	(3)	505,711
Remeasurement of defined benefit liability	-	-	-	-	(285)	(285)	-	(285)
Currency translation differences for foreign operations	-	-	-	(3,472)	-	(3,472)	-	(3,472)
Total other comprehensive income for the financial year	-	-	-	(3,472)	(285)	(3,757)	-	(3,757)
Profit/(Loss) for the financial year	-	-	-	-	5,018	5,018	(8)	5,010
Comprehensive income for the financial year	-	-	-	(3,472)	4,733	1,261	(8)	1,253
Distribution of treasury shares as share dividends (representing total transaction with owners)	-	4,398	-	-	(4,398)	-	-	-
Transfer to capital reserve *	-	-	254	-	(254)	-	-	-
At 31/12/2019	277,992	(148)	13,991	30,440	184,700	506,975	(11)	506,964
At 01/01/2018	277,992	(4,546)	12,807	37,937	188,230	512,420	2	512,422
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	-	-	-	(4,025)	-	(4,025)	-	(4,025)
Loss for the financial year	-	-	-	-	(2,681)	(2,681)	(5)	(2,686)
Comprehensive income for the financial year	-	-	-	(4,025)	(2,681)	(6,706)	(5)	(6,711)
Transfer to capital reserve *	-	-	930	-	(930)	-	-	-
At 31/12/2018	277,992	(4,546)	13,737	33,912	184,619	505,714	(3)	505,711

* 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 YEAR ENDED 31 DECEMBER 2019**

	CURRENT YEAR TO DATE 31/12/2019 RM '000	CURRENT YEAR TO DATE 31/12/2018 RM '000
Cash flows from operating activities		
Profit before tax	7,096	797
Adjustments for:		
Depreciation	16,294	15,570
Fair value changes in biological assets	228	51
Fair value losses on financial instruments	5	286
Gain on disposal of property, plant and equipment	(21)	(24)
Impairment (gains)/losses on financial assets	(7)	76
Interest expense	3,305	3,098
Interest income	(2,249)	(2,393)
Inventories written down	565	273
Property, plant and equipment written off	34	9
Provision for retirement benefits	1,554	542
Reversal of inventories written down	(448)	(309)
Share of associates' loss	1,424	51
Unrealised loss on foreign exchange	192	304
	<u>27,972</u>	<u>18,331</u>
Operating profit before working capital changes		
Changes in:		
Inventories	971	2,169
Contract costs	(56)	(60)
Contract assets	210	4,290
Receivables	8,217	9,242
Prepayments	(1,603)	(505)
Contract liabilities	(5,960)	4,982
Payables	(11,976)	(6,067)
Derivatives	(37)	-
Provision for onerous contract	(144)	(860)
Cash generated from operations	<u>17,594</u>	<u>31,522</u>
Tax paid	<u>(3,303)</u>	<u>(6,402)</u>
Tax refunded	<u>2,926</u>	<u>39</u>
	<u>(377)</u>	<u>(6,363)</u>
Net cash from operating activities	17,217	25,159
Cash flows from investing activities		
Acquisition of property, plant and equipment	<u>(12,271)</u>	<u>(13,181)</u>
Acquisition of right-of-use assets	(41)	-
Additions of investment properties	(292)	(19,927)
Cost of investment properties refunded	1,955	-
Interest received	2,249	2,393
Proceeds from disposal of other investments	-	407
Proceeds from disposal of property, plant and equipment	<u>87</u>	<u>69</u>
Net cash used in investing activities	(8,313)	(30,239)
Cash flows from financing activities		
Changes in term deposits pledged as security	<u>3,177</u>	<u>(713)</u>
Decrease in short-term loans and borrowings (net)	(1,635)	(4,832)
Drawdown of term loans	6,214	36,874
Interest paid	(3,271)	(3,242)
Payment of lease liabilities	(468)	-
Repayment of hire purchase obligations	-	(253)
Repayment of term loans	<u>(12,160)</u>	<u>(9,671)</u>
Net cash (used in)/from financing activities	(8,143)	18,163
Currency translation differences	(2,397)	(2,941)
Net (decrease)/increase in cash and cash equivalents	<u>(1,636)</u>	<u>10,142</u>
Cash and cash equivalents brought forward	<u>102,930</u>	<u>92,788</u>
Cash and cash equivalents carried forward	<u>101,294</u>	<u>102,930</u>
Note:		
Cash and cash equivalents	102,366	106,514
Bank overdraft	(665)	-
Term deposits pledged as security	(407)	(3,584)
	<u>101,294</u>	<u>102,930</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 YEAR ENDED 31 DECEMBER 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

The initial application of MFRS 16 *Leases*, which replaces MFRS 117 *Leases* and other related interpretations, has resulted in certain changes in accounting policies of lessees. MFRS 16 eliminates the distinction between finance and operating leases for lessees and introduces a single lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with certain recognition exemptions. 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 elected to apply the new requirements of MFRS 16 *Leases* from 1 January 2019 with the following cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117 *Leases*.

	Brought forward from preceding year RM'000	Changes in accounting policies RM'000	Adjusted RM'000
<u>Consolidated Statement of Financial Position (Extract)</u>			
<u>As at 1 January 2019</u>			
Property, Plant and Equipment	152,326	(28,467)	123,859
Right-of-use Assets	-	28,756	28,756
Loans and Borrowings (Current Liabilities)	22,508	(217)	22,291
Loans and Borrowings (Non-Current Liabilities)	44,309	(384)	43,925
Lease Liabilities (Current Liabilities)	-	344	344
Lease Liabilities (Non-Current Liabilities)	-	546	546
Total Equity	505,711	-	505,711

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 year ended 31 December 2019.

5. Changes in Estimates

There were no changes in the estimates that have a material effect in the current year quarter and year ended 31 December 2019.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 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	289,637	21,972	5,497	818	19,294	20,115	357,333
Intersegment revenue	-	(103)	(20)	-	(2,864)	(18,356)	(21,343)
External revenue	289,637	21,869	5,477	818	16,430	1,759	335,990
Results							
Segment results	12,745	2,445	(141)	(1,075)	124	(4,522)	9,576
Interest income	1,784	152	12	-	213	88	2,249
Interest expense	(1,180)	(738)	-	-	(54)	(1,333)	(3,305)
Share of associates' loss	-	-	-	-	-	(1,424)	(1,424)
Profit/(Loss) before tax	13,349	1,859	(129)	(1,075)	283	(7,191)	7,096
Tax (expense)/income	(1,512)	(755)	(3)	168	(14)	30	(2,086)
Profit/(Loss) for the financial year	11,837	1,104	(132)	(907)	269	(7,161)	5,010
Assets							
Segment assets	301,780	266,338	3,855	22,220	16,139	39,584	649,916
Associates	-	-	-	-	-	15,963	15,963
Income tax assets	-	1,199	3	60	18	-	1,280
Total assets	301,780	267,537	3,858	22,280	16,157	55,547	667,159
Liabilities							
Segment liabilities	40,408	15,970	618	40	9,514	19,739	86,289
Loans and borrowings	20,103	12,745	-	-	1,365	25,121	59,334
Lease liabilities	148	458	-	-	-	397	1,003
Income tax liabilities	11,828	114	7	-	-	1,620	13,569
Total liabilities	72,487	29,287	625	40	10,879	46,877	160,195

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 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 year ended 31 December 2019 are as follows:

	31/12/2019 RM '000
Purchase of goods from other related party (a)	11,328
Acquisition of property, plant and equipment from other related parties (a)(b)	197
Receiving of services from other related party (b)	1,570
Rental charged by other related party (a)	114
Rental charged to other related party (a)	172
Rental charged to associate	1,587
Sale of goods to other related party (a)	<u>2,435</u>

(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 31/12/2019 RM '000	Preceding Year Quarter 31/12/2018 RM '000	Changes RM '000	Current Year To Date 31/12/2019 RM '000	Preceding Year To Date 31/12/2018 RM '000	Changes RM '000
Revenue						
Electronic						
- Manufacture of printed circuit boards	68,471	70,311	(1,840)	289,637	284,030	5,607
Properties						
- Property development	6,219	1,982	4,237	21,869	26,647	(4,778)
- Sale of building materials	1,184	1,546	(362)	5,477	7,619	(2,142)
- Cultivation of oil palm	117	407	(290)	818	1,253	(435)
Utilities						
- Water and wastewater treatment	5,395	6,227	(832)	16,430	29,041	(12,611)
Unallocated non-operating segments	440	534	(94)	1,759	534	1,225
Total	81,826	81,007	819	335,990	349,124	(13,134)
(Loss)/Profit before tax						
Electronic						
- Manufacture of printed circuit boards	598	2,417	(1,819)	13,349	8,370	4,979
Properties						
- Property development	778	(2,320)	3,098	1,859	(449)	2,308
- Sale of building materials	(71)	27	(98)	(129)	76	(205)
- Cultivation of oil palm	(239)	130	(369)	(1,075)	214	(1,289)
Utilities						
- Water and wastewater treatment	472	(380)	852	283	(2,157)	2,440
Unallocated non-operating segments	(2,968)	(2,228)	(740)	(7,191)	(5,257)	(1,934)
Total	(1,430)	(2,354)	924	7,096	797	6,299

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Review of the Performance (cont'd)

a) Current Year Quarter vs Preceding Year Quarter

The Group's loss before tax of RM 1.4 million for the current year quarter ended 31 December 2019 was lower compared to RM 2.4 million for the preceding year quarter mainly due to improved contribution from Properties and Utilities Divisions which were offset by the drop in contribution from Electronic Division and negative contribution from unallocated non-operating segments.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 31 December 2019 compared to the preceding year quarter is as follows:

i) Manufacture of printed circuit boards

Profit before tax decreased to RM 0.6 million from RM 2.4 million mainly due to negative contribution from China operation on lower revenue and unfavourable foreign exchange.

ii) Property development

The profit before tax of RM 0.8 million was in contrast to a loss before tax of RM 2.3 million in line with higher property units sold.

iii) Sale of building materials

The loss before tax of RM 0.07 million was in contrast to a profit before tax of RM 0.03 million mainly due to lower revenue and higher administrative expenses.

iv) Cultivation of oil palm

The loss before tax of RM 0.2 million was in contrast to a profit before tax of RM 0.1 million mainly due to lower FFB output and higher rental expense.

v) Water and wastewater treatment

The profit before tax of RM 0.5 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, higher interest income and lower administrative expenses.

vi) Unallocated non-operating segments

Loss before tax increased to RM 3.0 million from RM 2.2 million mainly due to higher administrative expenses.

b) Current Year To Date vs Preceding Year To Date

For the year ended 31 December 2019, the Group recorded a higher profit before tax of RM 7.1 million compared to RM 0.8 million for the preceding year mainly due to higher contribution from Electronic Division and lower losses incurred by Utilities Division.

Detailed analysis of the performance of the Group's operating segments for the year ended 31 December 2019 compared to the preceding year is as follows:

i) Manufacture of printed circuit boards

Profit before tax increased to RM 13.3 million from RM 8.4 million mainly due to higher contribution from Malaysia operation on increase in revenue, favourable sales mix and foreign exchange.

ii) Property development

The profit before tax of RM 1.9 million was in contrast to a loss before tax of RM 0.4 million mainly due to higher commercial property units sold, liquidated ascertained damages claim of RM 0.5 million and lower finance costs.

iii) Sale of building materials

The loss before tax of RM 0.13 million was in contrast to a profit before tax of RM 0.08 million mainly due to unfavourable sales mix.

iv) Cultivation of oil palm

The loss before tax of RM 1.1 million was in contrast to a profit before tax of RM 0.2 million mainly due to lower FFB output and CPO prices, higher rental expense and unfavourable fair value changes in biological assets.

v) Water and wastewater treatment

The profit before tax of RM 0.3 million was in contrast to a loss before tax of RM 2.2 million mainly due to reversal of provision for liquidated ascertained damages on water projects, higher interest income and lower administrative expenses.

vi) Unallocated non-operating segments

Loss before tax increased to RM 7.2 million from RM 5.3 million mainly due to negative contribution from associates and higher administrative expenses.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	Current Year Quarter 31/12/2019	Immediate Preceding Quarter 30/09/2019	Changes
	RM'000	RM'000	RM'000
Revenue	81,826	86,014	(4,188)
(Loss)/Profit Before Tax	(1,430)	3,583	(5,013)

The Group recorded a loss before tax of RM 1.4 million in contrast to a profit before tax of RM 3.6 million for the immediate preceding quarter mainly due to lower contribution from Electronic Division on lower revenue and unfavourable foreign exchange.

15. Prospects for 2020

Electronic Division anticipates a positive growth in PCBs demand in 2020.

Properties Division foresees soft property market conditions and weak consumer sentiment to continue in 2020.

Utilities Division expects market environment to remain tough in 2020 amidst stiff competition on open market tendering.

Overall, the Group foresees a challenging operating environment in 2020.

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 31/12/2019							
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	-	3,256	-	-	5,395	-	8,651
At a point in time	68,471	2,963	1,184	117	-	-	72,735
Income not within the scope of MFRS 15	-	-	-	-	-	440	440
	68,471	6,219	1,184	117	5,395	440	81,826

Current Year To Date 31/12/2019							
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	-	9,985	-	-	16,430	-	26,415
At a point in time	289,637	11,884	5,477	818	-	-	307,816
Income not within the scope of MFRS 15	-	-	-	-	-	1,759	1,759
	289,637	21,869	5,477	818	16,430	1,759	335,990

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. (Loss)/Profit Before Tax

	Current Year Quarter 31/12/2019 RM'000	Current Year To Date 31/12/2019 RM'000
(Loss)/Profit before tax is arrived at after charging:		
- Interest expense	748	3,305
- Depreciation	3,888	16,294
- Impairment losses on financial assets	-	-
- Inventories written down	245	565
- Inventories written off	-	-
- Loss on disposal of property, plant and equipment	51	-
- Property, plant and equipment written off	28	34
- Loss on foreign exchange - realised	-	-
- Loss on foreign exchange - unrealised	2,157	192
- Fair value losses on financial instruments	-	40
- Fair value changes in biological assets	-	228
- Exceptional items	-	-
and crediting:		
- Interest income	734	2,249
- Dividend income	-	-
- Impairment gains on financial assets	76	7
- Gain on disposal of property, plant and equipment	-	21
- Gain on foreign exchange - realised	445	534
- Gain on foreign exchange - unrealised	-	-
- Fair value gains on financial instruments	-	-
- Fair value changes in biological assets	24	-
- Reversal of inventories written down	51	448

19. Taxation

Taxation comprises:

	Current Year Quarter 31/12/2019 RM '000	Current Year To Date 31/12/2019 RM '000
Income tax	(391)	(2,315)
Deferred tax	181	229
	<u>(210)</u>	<u>(2,086)</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 YEAR ENDED 31 DECEMBER 2019**

21. Group Borrowings and Debt Securities

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

	As at 31 December 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						
Bank Overdraft	-	-	-	665	-	665
Term Loans	-	29,941	-	7,260	-	37,201
	-	29,941	-	7,925	-	37,866
Unsecured						
Term Loans	-	5,621	-	7,482	-	13,103
Revolving Credit	-	-	-	7,000	-	7,000
Bankers Acceptance	-	-	-	1,365	-	1,365
	-	5,621	-	15,847	-	21,468
Total	-	35,562	-	23,772	-	59,334

	As at 31 December 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	-	33,822	-	6,700	-	40,522
Hire Purchase Payables	-	384	-	217	-	601
	-	34,206	-	6,917	-	41,123
Unsecured						
Term Loans	-	10,103	-	5,591	-	15,694
Revolving Credit	-	-	-	10,000	-	10,000
	-	10,103	-	15,591	-	25,694
Total	-	44,309	-	22,508	-	66,817

	As at 31 December 2019			As at 31 December 2018		
	Effective Interest Rate As at 31 December 2019 % p.a.	Floating Rate RM'000	Fixed Rate RM'000	Effective Interest Rate As at 31 December 2018 % p.a.	Floating Rate RM'000	Fixed Rate RM'000
	Bank Overdraft	5.35%	665	-	-	-
Term Loans	4.82% ~ 5.82%	50,304	-	4.86% ~ 6.16%	56,216	-
Revolving Credit	4.32%	-	7,000	4.61%	-	10,000
Bankers Acceptance	5.43% ~ 5.46%	-	1,365	-	-	-
Hire Purchase Payables	-	-	-	4.66% ~ 4.83%	-	601
Total		50,969	8,365		56,216	10,601
%		85.90%	14.10%		84.13%	15.87%

Compared to the year ended 31 December 2018, the Group's borrowings decreased to RM 59.3 million from RM 66.8 million mainly due to repayment of term loans and revolving credit.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Financial Instruments

a) Derivatives

There were no outstanding derivatives as at 31 December 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 31 December 2019 and the losses arising from fair value changes of financial liabilities was RM 0.005 million for the year ended 31 December 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

	31/12/2019 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 year ended 31 December 2019.

23. Material Litigation

There was no material litigation against the Group as at 31 December 2019 other than the following:

Teknoserv Engineering Sdn. Bhd. ("TESB"), a wholly-owned subsidiary of the Company, has received a notice of adjudication from Nine Hundred Builders Sdn. Bhd. ("NHB") under the Construction Industry Payment & Adjudication Act 2012 ("CIPA Act") in relation to the project known as "The Proposed Extension of Phase 2 Sawah Raja Water Treatment Plant and Other Related Works (10MGD), Negeri Sembilan, Pakej 1 – Cadangan Membina dan Menyiapkan Loji Rawatan Air Sawah Raja Fasa 2, Sub-contract for Civil and Structural Works and External Works".

NHB's contention is that TESB has under-valued, under-certified and/or wrongly certified the value of certain work, and is claiming from TESB a sum of RM1,613,575.12, interest on the adjudicated amount, costs, and further and other reliefs that the adjudicator may deem fit.

TESB intends to dispute the claim and has referred the matter to external counsel.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. Proposed Dividend

No dividend has been proposed or declared for the current year quarter ended 31 December 2019.

25. (Loss)/Earnings Per Share

	Current Year Quarter 31/12/2019	Current Year To Date 31/12/2019
(Loss)/Profit attributable to owners of the Company (RM '000)	(1,639)	5,018
Number of ordinary shares in issue at the beginning of the period ('000)	277,789	274,362
Effect of share dividend ('000)	-	3,427
Weighted average number of ordinary shares in issue ('000)	277,789	277,789
Basic (loss)/earnings per share (sen)	(0.59)	1.81

Diluted (loss)/earnings per share are not presented as there are no dilutive potential ordinary shares in the current year quarter and year ended 31 December 2019.

26. Authorisation for Issue

The Board of Directors authorised the issue of this unaudited interim financial report on 25 February 2020.