

GUH HOLDINGS BERHAD (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2020 RM '000	PRECEDING YEAR QUARTER 31/03/2019 RM '000	CURRENT YEAR TO DATE 31/03/2020 RM '000	PRECEDING YEAR TO DATE 31/03/2019 RM '000
Revenue	61,860	80,974	61,860	80,974
Interest income	288	564	288	564
Impairment losses on financial assets	-	(62)	-	(62)
Operating expenses	(66,751)	(79,345)	(66,751)	(79,345)
Other income	2,572	189	2,572	189
Finance costs	(685)	(876)	(685)	(876)
Share of associates' loss	(157)	(104)	(157)	(104)
(Loss)/Profit before tax (Note 18)	(2,873)	1,340	(2,873)	1,340
Tax expense	(112)	(944)	(112)	(944)
(Loss)/Profit for the period	(2,985)	396	(2,985)	396
(Loss)/Profit for the period attributable to:				
Owners of the Company	(2,984)	400	(2,984)	400
Non-controlling interests	(1)	(4)	(1)	(4)
	(2,985)	396	(2,985)	396
(Loss)/Earnings per share (sen):				
(a) Basic	(1.07)	0.14	(1.07)	0.14
(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 2019)

GUH HOLDINGS BERHAD (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2020 RM '000	PRECEDING YEAR QUARTER 31/03/2019 RM '000	CURRENT YEAR TO DATE 31/03/2020 RM '000	PRECEDING YEAR TO DATE 31/03/2019 RM '000
(Loss)/Profit for the period	(2,985)	396	(2,985)	396
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences for foreign operations	4,050	2,010	4,050	2,010
Total other comprehensive income for the period	4,050	2,010	4,050	2,010
Comprehensive income for the period	1,065	2,406	1,065	2,406
Comprehensive income for the period attributable to:				
Owners of the Company	1,066	2,410	1,066	2,410
Non-controlling interests	(1)	(4)	(1)	(4)
	1,065	2,406	1,065	2,406

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

GUH HOLDINGS BERHAD (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	AS AT 31/03/2020 RM '000	AS AT 31/12/2019 RM '000
Non-Current Assets		
Property, Plant and Equipment	116,423	117,515
Investment Properties	37,742	37,886
Right-of-use Assets	27,554	27,407
Investments in Associates	16,201	15,963
Other Investments	1	1
Inventories	170,386	169,678
Prepayments	750	750
Deferred Tax Assets	802	802
	<u>369,859</u>	<u>370,002</u>
Current Assets		
Inventories	124,907	120,525
Biological Assets	167	118
Contract Costs	102	116
Contract Assets	6,315	7,920
Receivables	52,669	62,593
Prepayments	2,735	3,041
Current Tax Assets	760	478
Cash and Cash Equivalents	105,768	102,366
	<u>293,423</u>	<u>297,157</u>
Current Liabilities		
Contract Liabilities	2,151	2,393
Payables	74,842	77,352
Loans and Borrowings	20,935	23,772
Lease Liabilities	370	505
Current Tax Liabilities	1,706	1,687
	<u>100,004</u>	<u>105,709</u>
Net Current Assets	193,419	191,448
Non-Current Liabilities		
Loans and Borrowings	35,939	35,562
Lease Liabilities	498	498
Retirement benefits	6,730	6,544
Deferred Tax Liabilities	12,082	11,882
	<u>55,249</u>	<u>54,486</u>
Net Assets	<u>508,029</u>	<u>506,964</u>
Equity		
Share Capital	277,992	277,992
Treasury Shares	(148)	(148)
Reserves	230,197	229,131
Equity Attributable to Owners of the Company	508,041	506,975
Non-controlling Interests	(12)	(11)
Total Equity	<u>508,029</u>	<u>506,964</u>
Net Assets per Share Attributable to Owners of the Company (RM)	<u>1.83</u>	<u>1.83</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2020**

	<u>Non-Distributable</u>			<u>Distributable *</u>		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	Currency translation reserve RM '000	Retained profits RM '000			
At 01/01/2020	277,992	(148)	13,991	30,440	184,700	506,975	(11)	506,964
Currency translation differences for foreign operations (representing other comprehensive income for the period)	-	-	-	4,050	-	4,050	-	4,050
Loss for the period	-	-	-	-	(2,984)	(2,984)	(1)	(2,985)
Comprehensive income for the period	-	-	-	4,050	(2,984)	1,066	(1)	1,065
At 31/03/2020	277,992	(148)	13,991	34,490	181,716	508,041	(12)	508,029
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)	-	-	-	2,010	-	2,010	-	2,010
Profit for the period	-	-	-	-	400	400	(4)	396
Comprehensive income for the period	-	-	-	2,010	400	2,410	(4)	2,406
Distribution of treasury shares as share dividends (representing total transactions with owners)	-	4,398	-	-	(4,398)	-	-	-
Transfer to capital reserve	-	-	64	-	(64)	-	-	-
At 31/03/2019	277,992	(148)	13,801	35,922	180,557	508,124	(7)	508,117

* 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 2019)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2020**

	CURRENT YEAR TO DATE 31/03/2020 RM '000	CURRENT YEAR TO DATE 31/03/2019 RM '000
Cash flows from operating activities		
(Loss)/Profit before tax	(2,873)	1,340
Adjustments for:		
Depreciation	4,213	4,125
Fair value losses on financial instruments	-	5
Fair value changes in biological assets	(49)	256
Impairment losses on financial assets	-	62
Interest expense	685	876
Interest income	(288)	(564)
Inventories written down	76	48
Gain on disposal of property, plant and equipment	(27)	(60)
Provision for retirement benefits	186	130
Reversal of inventories written down	(66)	(64)
Share of associates' loss	157	104
Unrealised (gain)/loss on foreign exchange	(2,262)	1,268
Operating (loss)/profit before working capital changes	(248)	7,526
Changes in:		
Contract costs	14	57
Contract assets	1,605	5,296
Inventories	(5,104)	(3,469)
Receivables	11,465	(7,195)
Prepayments	306	(221)
Contract liabilities	(242)	(2,684)
Derivatives	-	(37)
Payables	(3,624)	(6,238)
Provision for onerous contract	-	(104)
Cash generated from/(absorbed by) operations	4,172	(7,069)
Tax paid	(407)	(933)
Tax refunded	8	146
	(399)	(787)
Net cash from/(used in) operating activities	3,773	(7,856)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,542)	(1,391)
Acquisition of right-of-use assets	-	(33)
Additions of investment properties	(60)	(62)
Interest received	288	564
Proceeds from disposal of property, plant and equipment	33	64
Net cash used in investing activities	(1,281)	(858)
Cash flows from financing activities		
Changes in term deposits pledged as security	-	634
Drawdown of term loans	377	417
Increase in short-term loans and borrowings (net)	1,135	426
Interest paid	(679)	(866)
Payment of lease liabilities	(135)	(107)
Repayment of term loans	(3,666)	(2,828)
Net cash used in financing activities	(2,968)	(2,324)
Currency translation differences	4,190	350
Net increase/(decrease) in cash and cash equivalents	3,714	(10,688)
Cash and cash equivalents brought forward	101,294	102,930
Cash and cash equivalents carried forward	105,008	92,242
Note:		
Cash and cash equivalents	105,768	95,192
Bank overdraft	(353)	-
Term deposits pledged as security	(407)	(2,950)
	105,008	92,242

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

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 2019.

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 2019 except for the adoption of the following MFRS:

	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above MFRS did not have any significant impacts on the financial statements of the Group.

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 31 March 2020.

5. **Changes in Estimates**

There were no changes in the estimates that have a material effect in the current year quarter and period ended 31 March 2020.

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 31 March 2020.

7. **Dividend Paid**

No dividend was paid during the current year quarter and period ended 31 March 2020.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020

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	54,165	4,118	670	316	2,762	1,898	63,929
Intersegment revenue	-	(16)	-	-	(564)	(1,489)	(2,069)
External revenue	54,165	4,102	670	316	2,198	409	61,860
Results							
Segment results	288	98	(152)	(89)	(1,133)	(1,331)	(2,319)
Interest income	248	21	4	-	-	15	288
Interest expense	(213)	(160)	-	-	-	(312)	(685)
Share of associates' loss	-	-	-	-	-	(157)	(157)
Profit/(Loss) before tax	323	(41)	(148)	(89)	(1,133)	(1,785)	(2,873)
Tax (expense)/income	(181)	8	(1)	(12)	-	74	(112)
Profit/(Loss) for the period	142	(33)	(149)	(101)	(1,133)	(1,711)	(2,985)
Assets							
Segment assets	302,242	263,525	3,601	18,426	16,266	41,459	645,519
Investments in associates	-	-	-	-	-	16,201	16,201
Income tax assets	131	1,338	2	68	23	-	1,562
Total assets	302,373	264,863	3,603	18,494	16,289	57,660	663,282
Liabilities							
Segment liabilities	40,322	14,355	495	99	8,971	19,481	83,723
Loans and borrowings	18,234	11,238	-	-	2,500	24,902	56,874
Lease liabilities	120	381	-	-	-	367	868
Income tax liabilities	12,097	114	7	12	-	1,558	13,788
Total liabilities	70,773	26,088	502	111	11,471	46,308	155,253

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

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 31 March 2020 other than the following:

On 18 March 2020, the Company announced that GUH Electronic (Yancheng) Co., Ltd. ("GUH Yancheng"), a wholly-owned subsidiary in Yancheng, Jiangsu, China was struck off from the Register of the Chinese Authority on 11 March 2020.

GUH Yancheng has been a dormant company since its incorporation dated 10 October 2018.

The striking off of GUH Yancheng has no material effect on the earnings per share and net assets per share as well as the share capital of the Company for the financial year ending 31 December 2020.

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 31 March 2020 are as follows:

	31/03/2020 RM '000
Purchase of goods from other related parties (a)/(b)	3,379
Acquisition of property, plant and equipment from other related party (b)	17
Receiving of services from other related party (b)	46
Rental charged by other related party (a)	29
Rental charged to other related party (a)	43
Rental charged to associate	366
Sale of goods to other related party (a)	513

(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 31/03/2020 RM '000	Preceding Year Quarter 31/03/2019 RM '000	Changes RM '000	Current Year To Date 31/03/2020 RM '000	Preceding Year To Date 31/03/2019 RM '000	Changes RM '000
Revenue						
Electronic						
- Manufacture of printed circuit boards	54,165	69,334	(15,169)	54,165	69,334	(15,169)
Properties						
- Property development	4,102	5,151	(1,049)	4,102	5,151	(1,049)
- Sale of building materials	670	1,550	(880)	670	1,550	(880)
- Cultivation of oil palm	316	299	17	316	299	17
Utilities						
- Water and wastewater treatment	2,198	4,201	(2,003)	2,198	4,201	(2,003)
Unallocated non-operating segments	409	439	(30)	409	439	(30)
Total	61,860	80,974	(19,114)	61,860	80,974	(19,114)
(Loss)/Profit before tax						
Electronic						
- Manufacture of printed circuit boards	323	2,396	(2,073)	323	2,396	(2,073)
Properties						
- Property development	(41)	346	(387)	(41)	346	(387)
- Sale of building materials	(148)	(16)	(132)	(148)	(16)	(132)
- Cultivation of oil palm	(89)	(398)	309	(89)	(398)	309
Utilities						
- Water and wastewater treatment	(1,133)	80	(1,213)	(1,133)	80	(1,213)
Unallocated non-operating segments	(1,785)	(1,068)	(717)	(1,785)	(1,068)	(717)
Total	(2,873)	1,340	(4,213)	(2,873)	1,340	(4,213)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

13. Review of the Performance (cont'd)

The Group recorded a loss before tax of RM 2.9 million for the current year quarter ended 31 March 2020 compared to a profit before tax of RM 1.3 million for the preceding year quarter mainly due to weaker earnings reported by Electronic Division and negative contribution from Utilities Division.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 31 March 2020 compared to the preceding year quarter is as follows:

i) **Manufacture of printed circuit boards**

Profit before tax decreased to RM 0.3 million from RM 2.4 million mainly due to the drop in global PCB demand coupled with deferment of orders and shipments caused by COVID-19 pandemic in Q120.

ii) **Property development**

The loss before tax of RM 0.04 million was in contrast to a profit before tax of RM 0.35 million in line with lower property units sold.

iii) **Sale of building materials**

Loss before tax increased to RM 0.15 million from RM 0.02 million mainly due to lower revenue and unfavourable sales mix.

iv) **Cultivation of oil palm**

Loss before tax decreased to RM 0.09 million from RM 0.40 million mainly due to favourable fair value changes in biological assets.

v) **Water and wastewater treatment**

The loss before tax of RM 1.13 million was in contrast to a profit before tax of RM 0.08 million mainly due to reversal of provision for liquidated ascertained damages on water project in Q119.

vi) **Unallocated non-operating segments**

Loss before tax increased to RM 1.8 million from RM 1.1 million mainly due to unfavourable foreign exchange and higher administrative expenses.

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

	Current Year Quarter 31/03/2020 RM'000	Immediate Preceding Quarter 31/12/2019 RM'000	Changes RM'000
Revenue	61,860	81,826	(19,966)
Loss Before Tax	(2,873)	(1,430)	(1,443)

As compared to the immediate preceding quarter, the Group recorded a higher loss before tax of RM 2.9 million compared to RM 1.4 million for the immediate preceding quarter mainly due to negative contribution from Utilities Division in the absence of reversal of provision for liquidated ascertained damages on water project and slower construction progress of water projects in Q120.

15. Prospects for 2020

The Group foresees a tough and challenging operating environment for the remainder of 2020 in review of the negative economic impact of COVID-19 pandemic on the Group's business activities and performance.

16. Variance from Profit Forecast and Profit Guarantee

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

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

17. Revenue

The revenue is disaggregated by major products or services as follows:

Current Year To Date 31/03/2020							
Segment	Electronic	Properties			Utilities	Others	Group RM '000
Major products / Services	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>							
Services transferred over time	-	607	-	-	2,198	-	2,805
Products transferred at a point in time	54,165	3,495	670	316	-	-	58,646
Income not within the scope of MFRS 15	-	-	-	-	-	409	409
	54,165	4,102	670	316	2,198	409	61,860

18. (Loss)/Profit Before Tax

	Current Year Quarter 31/03/2020 RM'000	Current Year To Date 31/03/2020 RM'000
Loss before tax is arrived at after charging:		
- Interest expense	685	685
- Depreciation	4,213	4,213
- Impairment losses on financial assets	-	-
- Inventories written down	76	76
- Inventories written off	-	-
- Loss on disposal of property, plant and equipment	-	-
- Property, plant and equipment written off	-	-
- Loss on foreign exchange - realised	-	-
- Loss on foreign exchange - unrealised	-	-
- Fair value losses on financial instruments	-	-
- Fair value changes in biological assets	-	-
- Exceptional items	-	-
and crediting:		
- Interest income	288	288
- Dividend income	-	-
- Gain on disposal of property, plant and equipment	27	27
- Gain on foreign exchange - realised	88	88
- Gain on foreign exchange - unrealised	2,262	2,262
- Fair value gains on financial instruments	-	-
- Fair value changes in biological assets	49	49
- Impairment gains on financial assets	-	-
- Reversal of inventories written down	66	66

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

19. Taxation

Taxation comprises:

	Current Year Quarter 31/03/2020 RM '000	Current Year To Date 31/03/2020 RM '000
Income tax	(77)	(77)
Deferred tax	(43)	(43)
Real property gains tax	8	8
	<u>(112)</u>	<u>(112)</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 by certain subsidiary; and
- (iii) differential tax rates for certain subsidiaries.

20. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement other than the following:

On 16 March 2020, the Company announced that it proposed to undertake a proposed establishment of a share grant plan ("SGP") of up to 10% of the total number of issued shares in the Company (excluding treasury shares) at any point in time during the duration of the SGP for the eligible executive directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("Proposed Share Grant Plan").

On 15 May 2020, the Company announced that Bursa Securities has approved the Proposed Share Grant Plan, subject to the following conditions:-

- (i) UOB Kay Hian Securities (M) Sdn Bhd is required to submit a confirmation to Bursa Securities of full compliance of the Proposed Share Grant Plan pursuant to Paragraph 6.43(1) of the Main Market Listing Requirements and state the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Share Grant Plan; and
- (ii) The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed Share Grant Plan as at the end of each quarter together with a detailed computation of listing fees payable.

21. Group Borrowings and Debt Securities

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

	As at 31 March 2020					
	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	-	-	-	353	-	353
Term Loans	-	30,318	-	5,469	-	35,787
	-	30,318	-	5,822	-	36,140
Unsecured						
Term Loans	-	5,621	-	5,613	-	11,234
Revolving Credits	-	-	-	9,500	-	9,500
	-	5,621	-	15,113	-	20,734
Total	-	35,939	-	20,935	-	56,874

	As at 31 March 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	-	5,122	-	39,361
	-	34,239	-	5,122	-	39,361
Unsecured						
Term Loans	-	10,103	-	4,351	-	14,454
Revolving Credits	-	-	-	10,000	-	10,000
Foreign Currency Trust Receipts - USD104,604 @ 4.071	-	-	426	-	426	-
	-	10,103	426	14,351	426	24,454
Total	-	44,342	426	19,473	426	63,815

	As at 31 March 2020			As at 31 March 2019		
	Effective Interest Rate As at 31 March 2020 % p.a.	Floating Rate RM'000	Fixed Rate RM'000	Effective Interest Rate As at 31 March 2019 % p.a.	Floating Rate RM'000	Fixed Rate RM'000
	Bank Overdraft	4.85%	353	-	-	-
Term Loans	4.28% ~ 5.26%	47,021	-	4.86% ~ 6.16%	53,815	-
Revolving Credits	3.81% ~ 4.47%	-	9,500	4.61%	-	10,000
Foreign Currency Trust Receipts	-	-	-	3.50%	-	426
Total		47,374	9,500		53,815	10,426
%		83.30%	16.70%		83.77%	16.23%

Compared to the period ended 31 March 2019, the Group's borrowings decreased to RM 56.9 million from RM 64.2 million mainly due to repayment of term loans, revolving credits and foreign currency trust receipts.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

22. Financial Instruments

a) Derivatives

There were no outstanding derivatives as at 31 March 2020.

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 and period ended 31 March 2020.

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

	31/03/2020 RM '000
Shares quoted in Malaysia - at fair value	1
Unquoted shares - at cost less impairment losses	- *
	1
	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 31 March 2020.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

23. Material Litigation

There was no material litigation against the Group as at 31 March 2020 other than the following:

Nine Hundred Builders Sdn. Bhd. ("NHBSB"), had issued an adjudication claim dated 23 December 2019 to Teknoserv Engineering Sdn. Bhd. ("TESB"), a wholly-owned subsidiary of the Company, claiming for the sum of RM1,613,575.12 with interest, costs and other reliefs that the adjudicator may deem fit thereon in respect of the under-valued, under-certified and/or wrongly certified value of the project relating to the proposed extension of a water treatment plant and other related works in Negeri Sembilan. On 19 March 2020, TESB had been instructed to pay the adjudicated claim to NHBSB in the form of secured financial instruments, as well as the full costs and recovered sums relating to the adjudication. Subsequently on 16 April 2020, the adjudicator has issued a computational correction of the adjudication decision that was made on 19 March 2020 whereby amendments to the adjudicated amount from RM900,969.26 to RM923,915.66 was made.

On 27 May 2020, the Company announced that TESB had commenced a civil suit in High Court against NHBSB in relation to the learned adjudicator's decision dated 19 March 2020, claiming for the sum of RM262,277.86 with general damages, interest, costs and other reliefs that the Honourable Court may deem appropriate.

On 4 June 2020, the Company announced that TESB had, through its solicitors, been served with an application by NHBSB to the High Court seeking to enforce the learned adjudicator's decision dated 19 March 2020 (the "Adjudication Decision"). TESB intended to defend itself against NHBSB's application and had filed an affidavit to oppose the said application on 4 June 2020. TESB had also filed an application to set aside and stay enforcement of the execution of the Adjudication Decision.

On 16 June 2020, the Company announced that TESB had, through its solicitors, been served with an application by NHBSB to stay all proceedings in the High Court action on grounds that the dispute ought to be referred to arbitration. TESB intended to defend itself against NHBSB's application and would file an affidavit to oppose the said application by 29 June 2020.

On 29 June 2020, the Company announced that TESB's solicitors had filed and served on NHBSB's solicitors an affidavit to oppose the application by NHBSB to stay all proceedings in the High Court action on grounds that the dispute ought to be referred to arbitration.

The Company will make further announcement on any material development in relation to this matter from time to time.

24. Proposed Dividend

No dividend has been proposed or declared for the current year quarter ended 31 March 2020.

25. Loss Per Share

	Current Year Quarter 31/03/2020	Current Year To Date 31/03/2020
Loss attributable to owners of the Company (RM '000)	(2,984)	(2,984)
Number of ordinary shares in issue at the beginning of the period ('000)	277,789	277,789
Effect of shares dividend ('000)	-	-
Weighted average number of ordinary shares in issue ('000)	277,789	277,789
Basic loss per share (sen)	(1.07)	(1.07)

Diluted loss per share are not presented as there are no dilutive potential ordinary shares in the current year quarter and period ended 31 March 2020.

26. Authorisation for Issue