

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2020 RM '000	PRECEDING YEAR QUARTER 30/06/2019 RM '000	CURRENT YEAR TO DATE 30/06/2020 RM '000	PRECEDING YEAR TO DATE 30/06/2019 RM '000
Revenue	47,935	87,176	109,795	168,150
Interest income	434	517	722	1,081
Impairment gains/(losses) on financial assets	-	3	-	(59)
Operating expenses	(51,813)	(83,462)	(118,564)	(162,807)
Other income	10,839	673	13,411	862
Finance costs	(617)	(864)	(1,302)	(1,740)
Share of associates' loss	(7,399)	(440)	(7,556)	(544)
(Loss)/Profit before tax (Note 18)	(621)	3,603	(3,494)	4,943
Tax (expense)/income	(2,315)	197	(2,427)	(747)
(Loss)/Profit for the period	(2,936)	3,800	(5,921)	4,196
(Loss)/Profit for the period attributable to:				
Owners of the Company	(2,935)	3,801	(5,919)	4,201
Non-controlling interests	(1)	(1)	(2)	(5)
	(2,936)	3,800	(5,921)	4,196
(Loss)/Earnings per share (sen):				
(a) Basic	(1.06)	1.37	(2.13)	1.51
(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 30 JUNE 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2020 RM '000	PRECEDING YEAR QUARTER 30/06/2019 RM '000	CURRENT YEAR TO DATE 30/06/2020 RM '000	PRECEDING YEAR TO DATE 30/06/2019 RM '000
(Loss)/Profit for the period	(2,936)	3,800	(5,921)	4,196
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences for foreign operations	(330)	(2,004)	3,720	6
Total other comprehensive income for the period	(330)	(2,004)	3,720	6
Comprehensive income for the period	(3,266)	1,796	(2,201)	4,202
Comprehensive income for the period attributable to:				
Owners of the Company	(3,265)	1,797	(2,199)	4,207
Non-controlling interests	(1)	(1)	(2)	(5)
	(3,266)	1,796	(2,201)	4,202

(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 30 JUNE 2020**

	AS AT 30/06/2020 RM '000	AS AT 31/12/2019 RM '000
Non-Current Assets		
Property, Plant and Equipment	113,835	117,515
Investment Properties	37,534	37,886
Right-of-use Assets	27,066	27,407
Investments in Associates	8,705	15,963
Other Investments	3	1
Inventories	170,447	169,678
Prepayments	750	750
Deferred Tax Assets	950	802
	<u>359,290</u>	<u>370,002</u>
Current Assets		
Inventories	119,191	120,525
Biological Assets	100	118
Contract Costs	74	116
Contract Assets	6,446	7,920
Receivables	46,002	62,593
Prepayments	3,764	3,041
Current Tax Assets	843	478
Cash and Cash Equivalents	98,194	102,366
	<u>274,614</u>	<u>297,157</u>
Current Liabilities		
Contract Liabilities	3,000	2,393
Payables	46,177	77,352
Loans and Borrowings	23,603	23,772
Lease Liabilities	248	505
Current Tax Liabilities	1,602	1,687
	<u>74,630</u>	<u>105,709</u>
Net Current Assets	199,984	191,448
Non-Current Liabilities		
Loans and Borrowings	35,939	35,562
Lease Liabilities	498	498
Retirement Benefits	6,916	6,544
Deferred Tax Liabilities	11,158	11,882
	<u>54,511</u>	<u>54,486</u>
Net Assets	<u>504,763</u>	<u>506,964</u>
Equity		
Share Capital	277,992	277,992
Treasury Shares	(148)	(148)
Reserves	226,932	229,131
Equity Attributable to Owners of the Company	<u>504,776</u>	<u>506,975</u>
Non-controlling Interests	(13)	(11)
Total Equity	<u>504,763</u>	<u>506,964</u>
Net Assets per Share Attributable to Owners of the Company (RM)	<u>1.82</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 30 JUNE 2020

	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	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)	-	-	-	3,720	-	3,720	-	3,720
Loss for the period	-	-	-	-	(5,919)	(5,919)	(2)	(5,921)
Comprehensive income for the period	-	-	-	3,720	(5,919)	(2,199)	(2)	(2,201)
Transfer to capital reserve	-	-	(30)	-	30	-	-	-
At 30/06/2020	277,992	(148)	13,961	34,160	178,811	504,776	(13)	504,763
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 transactions 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

* 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 30 JUNE 2020**

	CURRENT YEAR TO DATE 30/06/2020 RM '000	CURRENT YEAR TO DATE 30/06/2019 RM '000
Cash flows from operating activities		
(Loss)/Profit before tax	(3,494)	4,943
Adjustments for:		
Depreciation	8,327	8,279
Fair value (gains)/losses on financial instruments	(2,965)	5
Fair value changes in biological assets	18	263
Impairment losses on financial assets	-	59
Interest expense	1,302	1,740
Interest income	(722)	(1,081)
Inventories written down	128	275
Gain on disposal of property, plant and equipment	(27)	(61)
Property, plant and equipment written off	-	1
Provision for retirement benefits	372	260
Reversal of inventories written down	(147)	(132)
Share of associates' loss	7,556	544
Unrealised gain on foreign exchange	(1,430)	(27)
Waiver of debt	(7,499)	-
	<u>1,419</u>	<u>15,068</u>
Operating profit before working capital changes	1,419	15,068
Changes in:		
Contract costs	42	15
Contract assets	1,474	1,824
Inventories	580	(513)
Receivables	17,089	(1,905)
Prepayments	(723)	(695)
Contract liabilities	607	(4,245)
Derivatives	-	(37)
Payables	(21,180)	(10,619)
Provision for onerous contract	-	(106)
Cash absorbed by operations	<u>(692)</u>	<u>(1,213)</u>
Tax paid	<u>(3,996)</u>	<u>(1,664)</u>
Tax refunded	<u>8</u>	<u>190</u>
	<u>(3,988)</u>	<u>(1,474)</u>
Net cash used in operating activities	(4,680)	(2,687)
Cash flows from investing activities		
Acquisition of property, plant and equipment	<u>(2,584)</u>	<u>(2,774)</u>
Acquisition of right-of-use assets	-	(33)
Additions of investment properties	(61)	(100)
Interest received	722	1,081
Proceeds from disposal of property, plant and equipment	<u>33</u>	<u>73</u>
Net cash used in investing activities	(1,890)	(1,753)
Cash flows from financing activities		
Changes in term deposits pledged as security	<u>-</u>	<u>660</u>
Drawdown of term loans	377	417
Increase in short-term loans and borrowings (net)	7,348	747
Interest paid	(1,291)	(1,721)
Payment of lease liabilities	(257)	(231)
Repayment of term loans	<u>(7,334)</u>	<u>(5,664)</u>
Net cash used in financing activities	(1,157)	(5,792)
Currency translation differences	<u>3,749</u>	<u>(440)</u>
Net decrease in cash and cash equivalents	(3,978)	(10,672)
Cash and cash equivalents brought forward	<u>101,294</u>	<u>102,930</u>
Cash and cash equivalents carried forward	<u>97,316</u>	<u>92,258</u>
Note:		
Cash and cash equivalents	98,194	95,182
Bank overdraft	(471)	-
Term deposits pledged as security	(407)	(2,924)
	<u>97,316</u>	<u>92,258</u>

(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 30 JUNE 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 30 June 2020 other than the negative impact of COVID-19 pandemic.

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 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 30 June 2020.

7. **Dividend Paid**

No dividend was paid during the current year quarter and period ended 30 June 2020.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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	99,580	4,403	746	561	4,257	3,822	113,369
Intersegment revenue	-	(32)	-	-	(564)	(2,978)	(3,574)
External revenue	99,580	4,371	746	561	3,693	844	109,795
Results							
Segment results	(760)	(927)	(309)	(304)	(1,712)	8,654	4,642
Interest income	623	67	4	-	-	28	722
Interest expense	(402)	(284)	-	-	(27)	(589)	(1,302)
Share of associates' loss	-	-	-	-	-	(7,556)	(7,556)
(Loss)/Profit before tax	(539)	(1,144)	(305)	(304)	(1,739)	537	(3,494)
Tax (expense)/income	(3,273)	152	(1)	4	-	691	(2,427)
(Loss)/Profit for the period	(3,812)	(992)	(306)	(300)	(1,739)	1,228	(5,921)
Assets							
Segment assets	281,264	263,404	3,375	18,371	16,279	40,713	623,406
Investments in associates	-	-	-	-	-	8,705	8,705
Income tax assets	94	1,584	4	85	26	-	1,793
Total assets	281,358	264,988	3,379	18,456	16,305	49,418	633,904
Liabilities							
Segment liabilities	23,600	14,449	130	48	8,156	9,710	56,093
Loans and borrowings	22,577	9,786	-	-	2,500	24,679	59,542
Lease liabilities	98	312	-	-	-	336	746
Income tax liabilities	11,706	114	7	-	-	933	12,760
Total liabilities	57,981	24,661	137	48	10,656	35,658	129,141

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 other than:

On 18 August 2020, the Company announced that it had on 18 August 2020 entered into a Share Subscription Agreement for the subscription of 300,000 new shares, representing 60% equity interest in Yabisi Solar Power Co. Ltd., a company incorporated in Taiwan (R.O.C) for a consideration of NTD3,000,000 (or approximately RM429,000 based on the exchange rate of NTD10.00 : RM1.43) ("Proposed Subscription"). Subject to all the Conditions Precedent being complied with, the Proposed Subscription is expected to be completed within six (6) months from the date of the Share Subscription Agreement.

The Proposed Subscription would not have any material effect on the Group's share capital, substantial shareholders' shareholdings, earnings, net assets and net assets per share for the financial year ending 31 December 2020.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period ended 30 June 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 30 June 2020 are as follows:

	30/06/2020 RM '000
Purchase of goods from other related parties (a)/(b)	4,934
Acquisition of property, plant and equipment from other related party (b)	282
Receiving of services from other related party (b)	81
Rental charged by other related party (a)	57
Rental charged to other related party (a)	86
Rental charged to associate	758
Sale of goods to other related party (a)	881

(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 30/06/2020 RM '000	Preceding Year Quarter 30/06/2019 RM '000	Changes RM '000	Current Year To Date 30/06/2020 RM '000	Preceding Year To Date 31/6/2019 RM '000	Changes RM '000
Revenue						
Electronic						
- Manufacture of printed circuit boards	45,415	77,463	(32,048)	99,580	146,797	(47,217)
Properties						
- Property development	269	3,064	(2,795)	4,371	8,215	(3,844)
- Sale of building materials	76	1,373	(1,297)	746	2,923	(2,177)
- Cultivation of oil palm	245	237	8	561	536	25
Utilities						
- Water and wastewater treatment	1,495	4,599	(3,104)	3,693	8,800	(5,107)
Unallocated non-operating segments	435	440	(5)	844	879	(35)
Total	47,935	87,176	(39,241)	109,795	168,150	(58,355)
(Loss)/Profit before tax						
Electronic						
- Manufacture of printed circuit boards	(862)	4,896	(5,758)	(539)	7,292	(7,831)
Properties						
- Property development	(1,103)	(277)	(826)	(1,144)	69	(1,213)
- Sale of building materials	(157)	(27)	(130)	(305)	(43)	(262)
- Cultivation of oil palm	(215)	(205)	(10)	(304)	(603)	299
Utilities						
- Water and wastewater treatment	(606)	965	(1,571)	(1,739)	1,045	(2,784)
- Unallocated non-operating segments	2,322	(1,749)	4,071	537	(2,817)	3,354
Total	(621)	3,603	(4,224)	(3,494)	4,943	(8,437)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2020**

13. **Review of the Performance (cont'd)**

a) Current Year Quarter vs Preceding Year Quarter

The Group recorded a loss before tax of RM 0.6 million for the current year quarter ended 30 June 2020 compared to a profit before tax of RM 3.6 million for the preceding year quarter mainly due to negative contribution from Electronic and Utilities Divisions which was partly offset by fair value gain on contingent consideration of RM 3.0 million.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 30 June 2020 compared to the preceding year quarter is as follows:

i) Manufacture of printed circuit boards

The loss before tax of RM 0.9 million was in contrast to a profit before tax of RM 4.9 million mainly due to the drastic drop in global PCB demand and lack of economies of scale caused by COVID-19 lockdown.

ii) Property development

Loss before tax increased to RM 1.1 million from RM 0.3 million mainly due to the absence of property unit sold in Q220.

iii) Sale of building materials

Loss before tax increased to RM 0.16 million from RM 0.03 million mainly due to lower revenue and unfavourable sales mix.

iv) Cultivation of oil palm

Loss before tax increased to RM 0.22 million from RM 0.21 million mainly due to unfavourable fair value changes in biological assets.

v) Water and wastewater treatment

The loss before tax of RM 0.6 million was in contrast to a profit before tax of RM 1.0 million mainly due to reversal of provision for liquidated ascertained damages on water project in Q219 and slower construction progress of water projects in Q220.

vi) Unallocated non-operating segments

The profit before tax of RM 2.3 million was in contrast to a loss before tax of RM 1.7 million mainly due to fair value gain on contingent consideration of RM 3.0 million and lower administrative expenses.

b) Current Year To Date vs Preceding Year To Date

For the period ended 30 June 2020, the Group recorded a loss before tax of RM 3.5 million compared to a profit before tax of RM 4.9 million for the preceding year to date mainly due to negative contribution from Electronic and Utilities Divisions which was partly offset by fair value gain on contingent consideration of RM 3.0 million.

Detailed analysis of the performance of the Group's operating segments for the period ended 30 June 2020 compared to the preceding year to date is as follows:

i) Manufacture of printed circuit boards

The loss before tax of RM 0.5 million was in contrast to a profit before tax of RM 7.3 million mainly due to the drastic drop in global PCB demand and lack of economies of scale caused by COVID-19 lockdown.

ii) Property development

The loss before tax of RM 1.14 million was in contrast to a profit before tax of RM 0.07 million in line with lower property units sold.

iii) Sale of building materials

Loss before tax increased to RM 0.31 million from RM 0.04 million mainly due to lower revenue and unfavourable sales mix.

iv) Cultivation of oil palm

Loss before tax decreased to RM 0.3 million from RM 0.6 million mainly due to favourable fair value changes in biological assets.

v) Water and wastewater treatment

The loss before tax of RM 1.7 million was in contrast to a profit before tax of RM 1.0 million mainly due to reversal of provision for liquidated ascertained damages on water projects in 2019 and slower construction progress of water projects in 2020.

vi) Unallocated non-operating segments

The profit before tax of RM 0.5 million was in contrast to a loss before tax of RM 2.8 million mainly due to fair value gain on contingent consideration of RM 3.0 million and lower administrative expenses.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2020**

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

	Current Year Quarter 30/06/2020	Immediate Preceding Quarter 31/03/2020	Changes
	RM'000	RM'000	RM'000
Revenue	47,935	61,860	(13,925)
Loss Before Tax	(621)	(2,873)	2,252

As compared to the immediate preceding quarter, the Group's loss before tax reduced to RM 0.6 million from RM 2.9 million mainly due to fair value gain on contingent consideration of RM 3.0 million.

15. Prospects for 2020

In review of the spike in COVID-19 cases and the heightened geopolitical tensions between the US and China, the Group foresees a tough and challenging operating environment for the remainder of 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 services as follows:

Current Year Quarter 30/06/2020							
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>							
Over time	-	269	-	-	1,495	-	1,764
At a point in time	45,415	-	76	245	-	-	45,736
Income not within the scope of MFRS 15	-	-	-	-	-	435	435
	45,415	269	76	245	1,495	435	47,935

Current Year To Date 30/06/2020							
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	-	876	-	-	3,693	-	4,569
Products transferred at a point in time	99,580	3,495	746	561	-	-	104,382
Income not within the scope of MFRS 15	-	-	-	-	-	844	844
	99,580	4,371	746	561	3,693	844	109,795

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2020**

18. (Loss)/Profit Before Tax

	Current Year Quarter 30/06/2020 RM'000	Current Year To Date 30/06/2020 RM'000
(Loss)/Profit before tax is arrived at after charging:		
- Interest expense	617	1,302
- Depreciation	4,114	8,327
- Impairment losses on financial assets	-	-
- Inventories written down	52	128
- 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	832	-
- Fair value losses on financial instruments	-	-
- Fair value changes in biological assets	67	18
- Exceptional items	-	-
and crediting:		
- Interest income	434	722
- Dividend income	-	-
- Gain on disposal of property, plant and equipment	-	27
- Gain on foreign exchange - realised	11	99
- Gain on foreign exchange - unrealised	-	1,430
- Fair value gains on financial instruments	2,965	2,965
- Fair value changes in biological assets	-	-
- Impairment gains on financial assets	-	-
- Reversal of inventories written down	81	147
- Waiver of debt	7,499	7,499

19. Taxation

Taxation comprises:

	Current Year Quarter 30/06/2020 RM '000	Current Year To Date 30/06/2020 RM '000
Income tax	(252)	(329)
Withholding tax on dividend income from foreign subsidiary	(3,127)	(3,127)
Deferred tax	1,064	1,021
Real property gains tax	-	8
	<u>(2,315)</u>	<u>(2,427)</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;
- (iii) differential tax rates for certain subsidiary; and
- (iv) withholding tax on dividend income from foreign subsidiary.

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.

On 10 July 2020, the Company announced that the effective date for the implementation of the Proposed Share Grant Plan had been fixed on 10 July 2020, being the date of full compliance of the Proposed Share Grant Plan.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2020

21. **Group Borrowings and Debt Securities**

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

	As at 30 June 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	-	-	-	471	-	471
Term Loans	-	30,318	-	3,676	-	33,994
	-	30,318	-	4,147	-	34,465
Unsecured						
Term Loans	-	5,621	-	3,743	-	9,364
Revolving Credits	-	-	-	12,500	-	12,500
Foreign Currency Trust Receipts						
- USD251,543 @ 4.310	-	-	1,084	-	1,084	-
- USD489,447 @ 4.349	-	-	2,129	-	2,129	-
	-	5,621	3,213	16,243	3,213	21,864
Total	-	35,939	3,213	20,390	3,213	56,329

	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 Credits	-	-	-	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 2020			As at 30 June 2019		
	Effective Interest Rate	Floating Rate	Fixed Rate	Effective Interest Rate	Floating Rate	Fixed Rate
	As at 30 June 2020 % p.a.	RM'000	RM'000	As at 30 June 2019 % p.a.	RM'000	RM'000
Bank Overdraft	4.35%	471	-	-	-	-
Term Loans	3.75% ~ 4.69%	43,358	-	4.61% ~ 5.96%	50,988	-
Revolving Credits	3.25% ~ 4.22%	-	12,500	4.36%	-	10,000
Foreign Currency Trust Receipts	1.56% ~ 1.99%	-	3,213	-	-	-
Bankers Acceptance	-	-	-	5.47% ~ 5.50%	-	747
Total		43,829	15,713		50,988	10,747
%		73.61%	26.39%		82.59%	17.41%

Compared to the period ended 30 June 2019, the Group's borrowings decreased to RM 59.5 million from RM 61.7 million mainly due to repayment of term loans and bankers acceptance which were partly offset by the increase in foreign currency trust receipts and revolving credits for working capital purposes.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2020**

22. **Financial Instruments**

a) Derivatives

There were no outstanding derivatives as at 30 June 2020.

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

The gains arising from fair value changes of financial liabilities were RM 3.0 million for the current year quarter and period ended 30 June 2020 respectively.

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

	30/06/2020 RM '000
Shares quoted in Malaysia - at fair value	3
Unquoted shares - at cost less impairment losses	- *
	3
	3

* 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 2020.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2020**

23. Material Litigation

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

On 14 July 2020, the Company announced that the Court had, on 13 July 2020, issued directions on the filing of affidavits and submissions relating to both applications, which were to be heard together. The hearing date for the said applications would be fixed during a further case management on 9 September 2020.

On 22 July 2020, the Company announced that the Court had, on 21 July 2020, issued directions on the filing of affidavits and submissions relating to NHBSB's application for a stay of proceedings pending arbitration. A further case management date had been fixed on 10 September 2020.

TESB will comply with the Court's directions and the Company will make further announcements 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 30 June 2020.

25. Loss Per Share

	Current Year Quarter 30/06/2020	Current Year To Date 30/06/2020
Loss attributable to owners of the Company (RM '000)	(2,935)	(5,919)
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)	(1.06)	(2.13)

Diluted loss per share are not presented as there are no dilutive potential ordinary shares in the current year quarter and period ended 30 June 2020.

26. Authorisation for Issue

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