

GUH HOLDINGS BERHAD (Company No. 4104-W)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2020 RM '000	PRECEDING YEAR QUARTER 30/09/2019 RM '000	CURRENT YEAR TO DATE 30/09/2020 RM '000	PRECEDING YEAR TO DATE 30/09/2019 RM '000
Revenue	69,830	86,014	179,625	254,164
Interest income	364	434	1,086	1,515
Impairment losses on financial assets	-	(10)	-	(69)
Operating expenses	(92,937)	(84,020)	(211,501)	(246,827)
Other income	(848)	2,169	12,563	3,031
Finance costs	(653)	(817)	(1,955)	(2,557)
Share of associates' profit/(loss)	14	(187)	(7,542)	(731)
(Loss)/Profit before tax (Note 18)	(24,230)	3,583	(27,724)	8,526
Tax expense	(448)	(1,129)	(2,875)	(1,876)
(Loss)/Profit for the period	(24,678)	2,454	(30,599)	6,650
(Loss)/Profit for the period attributable to:				
Owners of the Company	(24,675)	2,456	(30,594)	6,657
Non-controlling interests	(3)	(2)	(5)	(7)
	(24,678)	2,454	(30,599)	6,650
(Loss)/Earnings per share (sen):				
(a) Basic	(8.88)	0.88	(11.01)	2.40
(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 SEPTEMBER 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	QUARTER	TO DATE	TO DATE
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM '000	RM '000	RM '000	RM '000
(Loss)/Profit for the period	(24,678)	2,454	(30,599)	6,650
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences for foreign operations	1,813	(4,097)	5,533	(4,091)
Total other comprehensive income for the period	1,813	(4,097)	5,533	(4,091)
Comprehensive income for the period	(22,865)	(1,643)	(25,066)	2,559
Comprehensive income for the period attributable to:				
Owners of the Company	(22,862)	(1,641)	(25,061)	2,566
Non-controlling interests	(3)	(2)	(5)	(7)
	(22,865)	(1,643)	(25,066)	2,559

(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 SEPTEMBER 2020**

	AS AT 30/09/2020 RM '000	AS AT 31/12/2019 RM '000
Non-Current Assets		
Property, Plant and Equipment	111,677	117,515
Investment Properties	37,746	37,886
Right-of-use Assets	26,780	27,407
Investments in Associates	8,546	15,963
Other Investments	3	1
Inventories	172,960	169,678
Prepayments	750	750
Deferred Tax Assets	1,000	802
	<u>359,462</u>	<u>370,002</u>
Current Assets		
Inventories	110,359	120,525
Biological Assets	120	118
Contract Costs	75	116
Contract Assets	5,129	7,920
Receivables	57,862	62,593
Prepayments	2,023	3,041
Current Tax Assets	535	478
Cash and Cash Equivalents	106,090	102,366
	<u>282,193</u>	<u>297,157</u>
Current Liabilities		
Contract Liabilities	3,507	2,393
Payables	74,990	77,352
Loans and Borrowings	18,764	23,772
Lease Liabilities	124	505
Current Tax Liabilities	1,814	1,687
	<u>99,199</u>	<u>105,709</u>
Net Current Assets	182,994	191,448
Non-Current Liabilities		
Loans and Borrowings	41,939	35,562
Lease Liabilities	498	498
Retirement Benefits	7,101	6,544
Deferred Tax Liabilities	11,020	11,882
	<u>60,558</u>	<u>54,486</u>
Net Assets	481,898	506,964
Equity		
Share Capital	277,992	277,992
Treasury Shares	(148)	(148)
Reserves	204,070	229,131
Equity Attributable to Owners of the Company	481,914	506,975
Non-controlling Interests	(16)	(11)
Total Equity	481,898	506,964
Net Assets per Share Attributable to Owners of the Company (RM)	1.73	1.83

(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 SEPTEMBER 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)	-	-	-	5,533	-	5,533	-	5,533
Loss for the period	-	-	-	-	(30,594)	(30,594)	(5)	(30,599)
Comprehensive income for the period	-	-	-	5,533	(30,594)	(25,061)	(5)	(25,066)
Transfer to capital reserve	-	-	(31)	-	31	-	-	-
At 30/09/2020	277,992	(148)	13,960	35,973	154,137	481,914	(16)	481,898
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)	-	-	-	(4,091)	-	(4,091)	-	(4,091)
Profit/(Loss) for the period	-	-	-	-	6,657	6,657	(7)	6,650
Comprehensive income for the period	-	-	-	(4,091)	6,657	2,566	(7)	2,559
Distribution of treasury shares as share dividends (representing total transactions with owners)	-	4,398	-	-	(4,398)	-	-	-
Transfer to capital reserve	-	-	257	-	(257)	-	-	-
At 30/09/2019	277,992	(148)	13,994	29,821	186,621	508,280	(10)	508,270

* 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 SEPTEMBER 2020

	CURRENT YEAR TO DATE 30/09/2020 RM '000	CURRENT YEAR TO DATE 30/09/2019 RM '000
Cash flows from operating activities		
(Loss)/Profit before tax	(27,724)	8,526
Adjustments for:		
Depreciation	12,367	12,406
Fair value (gains)/losses on financial instruments	(2,964)	5
Fair value changes in biological assets	(2)	252
Impairment losses on financial assets	-	69
Interest expense	1,955	2,557
Interest income	(1,086)	(1,515)
Inventories written down	335	320
Gain on disposal of property, plant and equipment	(50)	(72)
Gain on dissolution of associate	(7,061)	-
Loss on dissolution of subsidiary	614	-
Property, plant and equipment written off	-	6
Provision for retirement benefits	557	490
Reversal of inventories written down	(312)	(397)
Share of associates' loss	7,542	731
Unrealised gain on foreign exchange	(691)	(1,965)
Operating (loss)/profit before working capital changes	(16,520)	21,413
Changes in:		
Contract costs	41	(32)
Contract assets	2,791	1,301
Inventories	6,857	1,106
Receivables	4,871	(68)
Prepayments	1,017	(1,195)
Contract liabilities	1,114	(4,540)
Derivatives	-	(37)
Payables	7,753	(8,895)
Provision for onerous contract	-	(109)
Cash absorbed by operations	7,924	8,944
Tax paid	(4,375)	(2,466)
Tax refunded	249	1,938
	(4,126)	(528)
Net cash from operating activities	3,798	8,416
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,678)	(7,317)
Acquisition of right-of-use assets	-	(33)
Additions of investment properties	(482)	(131)
Capital repayment from associate	149	-
Interest received	1,086	1,515
Proceeds from disposal of property, plant and equipment	82	84
Net cash used in investing activities	(2,843)	(5,882)
Cash flows from financing activities		
Changes in term deposits pledged as security	-	725
Drawdown of term loans	6,377	3,417
Increase in short-term loans and borrowings (net)	6,110	722
Interest paid	(1,939)	(2,530)
Payment of lease liabilities	(381)	(338)
Repayment of term loans	(11,014)	(8,525)
Net cash used in financing activities	(847)	(6,529)
Currency translation differences	3,736	(1,710)
Net increase/(decrease) in cash and cash equivalents	3,844	(5,705)
Cash and cash equivalents brought forward	101,294	102,930
Cash and cash equivalents carried forward	105,138	97,225
Note:		
Cash and cash equivalents	106,090	100,084
Bank overdraft	(545)	-
Term deposits pledged as security	(407)	(2,859)
	105,138	97,225

(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 SEPTEMBER 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 September 2020 other than the negative impact of COVID-19 pandemic and workers strike at the Group's printed circuit board manufacturing plant in China.

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 September 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 September 2020.

7. **Dividend Paid**

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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	161,534	7,040	874	748	9,045	5,888	185,129
Intersegment revenue	-	(49)	-	-	(988)	(4,467)	(5,504)
External revenue	161,534	6,991	874	748	8,057	1,421	179,625
Results							
Segment results	(21,533)	(1,476)	(531)	(510)	(2,758)	7,495	(19,313)
Interest income	937	82	6	-	-	61	1,086
Interest expense	(559)	(427)	(71)	-	(66)	(832)	(1,955)
Share of associates' loss	-	-	-	-	-	(7,542)	(7,542)
Loss before tax	(21,155)	(1,821)	(596)	(510)	(2,824)	(818)	(27,724)
Tax (expense)/income	(3,759)	230	(1)	(1)	-	656	(2,875)
Loss for the period	(24,914)	(1,591)	(597)	(511)	(2,824)	(162)	(30,599)
Assets							
Segment assets	255,454	269,814	2,115	18,443	18,102	67,646	631,574
Investments in associates	-	-	-	-	-	8,546	8,546
Income tax assets	-	1,425	3	81	26	-	1,535
Total assets	255,454	271,239	2,118	18,524	18,128	76,192	641,655
Liabilities							
Segment liabilities	51,466	15,363	93	103	8,156	10,417	85,598
Loans and borrowings	17,494	14,281	-	-	4,475	24,453	60,703
Lease liabilities	75	243	-	-	-	304	622
Income tax liabilities	11,763	114	7	1	-	949	12,834
Total liabilities	80,798	30,001	100	104	12,631	36,123	159,757

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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 30 September 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 September 2020 are as follows:

	30/09/2020 RM '000
Purchase of goods from other related parties (a)/(b)	8,183
Acquisition of property, plant and equipment from other related parties (a)/(b)	316
Receiving of services from other related party (b)	103
Rental charged by other related party (a)	86
Rental charged to other related party (a)	129
Rental charged to associate	1,150
Sale of goods to other related party (a)	1,757

(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 30/09/2020	Preceding Year Quarter 30/09/2019	Changes	Current Year To Date 30/09/2020	Preceding Year To Date 31/09/2019	Changes
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue						
Electronic						
- Manufacture of printed circuit boards	61,954	74,369	(12,415)	161,534	221,166	(59,632)
Properties						
- Property development	2,620	7,435	(4,815)	6,991	15,650	(8,659)
- Sale of building materials	128	1,370	(1,242)	874	4,293	(3,419)
- Cultivation of oil palm	187	165	22	748	701	47
Utilities						
- Water and wastewater treatment	4,364	2,235	2,129	8,057	11,035	(2,978)
Unallocated non-operating segments	577	440	137	1,421	1,319	102
Total	69,830	86,014	(16,184)	179,625	254,164	(74,539)
(Loss)/Profit before tax						
Electronic						
- Manufacture of printed circuit boards	(20,616)	5,459	(26,075)	(21,155)	12,751	(33,906)
Properties						
- Property development	(677)	1,012	(1,689)	(1,821)	1,081	(2,902)
- Sale of building materials	(291)	(15)	(276)	(596)	(58)	(538)
- Cultivation of oil palm	(206)	(233)	27	(510)	(836)	326
Utilities						
- Water and wastewater treatment	(1,085)	(1,234)	149	(2,824)	(189)	(2,635)
Unallocated non-operating segments	(1,355)	(1,406)	51	(818)	(4,223)	3,405
Total	(24,230)	3,583	(27,813)	(27,724)	8,526	(36,250)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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 24.2 million for the current year quarter ended 30 September 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 Properties Divisions.

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

i) Manufacture of printed circuit boards

The loss before tax of RM 20.6 million was in contrast to a profit before tax of RM 5.5 million mainly due to the negative impact of workers strike at China plant and drastic drop in global PCB demand amid the COVID-19 resurgence.

ii) Property development

The loss before tax of RM 0.7 million was in contrast to a profit before tax of RM 1.0 million in line with lower property units sold amid the COVID-19 resurgence.

iii) Sale of building materials

Loss before tax increased to RM 0.29 million from RM 0.01 million in line with the significant drop in revenue following the cessation of business operation.

iv) Cultivation of oil palm

Loss before tax decreased to RM 0.21 million from RM 0.23 million mainly helped by higher CPO prices.

v) Water and wastewater treatment

Loss before tax decreased to RM 1.1 million from RM 1.2 million mainly due to lower administrative expenses and higher percentage of completion for road construction projects.

vi) Unallocated non-operating segments

Loss before tax was almost the same at RM 1.4 million compared to the preceding year quarter.

b) Current Year To Date vs Preceding Year To Date

For the period ended 30 September 2020, the Group recorded a loss before tax of RM 27.7 million compared to a profit before tax of RM 8.5 million for the preceding year to date mainly due to negative contribution from Electronic, Properties 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 September 2020 compared to the preceding year to date is as follows:

i) Manufacture of printed circuit boards

The loss before tax of RM 21.2 million was in contrast to a profit before tax of RM 12.8 million mainly due to the negative impact of workers strike at China plant and drastic drop in global PCB demand amid the COVID-19 resurgence.

ii) Property development

The loss before tax of RM 1.8 million was in contrast to a profit before tax of RM 1.1 million in line with lower property units sold amid the COVID-19 resurgence.

iii) Sale of building materials

Loss before tax increased to RM 0.60 million from RM 0.06 million in line with the significant drop in revenue following the cessation of business operation.

iv) Cultivation of oil palm

Loss before tax decreased to RM 0.5 million from RM 0.8 million mainly due to favourable fair value changes in biological assets and higher CPO prices.

v) Water and wastewater treatment

Loss before tax increased to RM 2.8 million from RM 0.2 million mainly due to reversal of provision for liquidated ascertained damages on water projects in 2019 and slower percentage of completion for water projects in 2020.

vi) Unallocated non-operating segments

Loss before tax decreased to RM 0.8 million from RM 4.2 million mainly due to gain on dissolution of associate of RM 7.1 million and fair value gain on contingent consideration of RM 3.0 million partly offset by the negative contribution from associates.

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

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

	Current Year Quarter 30/09/2020 RM'000	Immediate Preceding Quarter 30/06/2020 RM'000	Changes RM'000
Revenue	69,830	47,935	21,895
Loss Before Tax	(24,230)	(621)	(23,609)

As compared to the immediate preceding quarter, the Group's loss before tax increased to RM 24.2 million from RM 0.6 million mainly due to the negative impact of workers strike at China plant coupled with the absence of fair value gain on contingent consideration of RM 3.0 million.

15. Prospects for 2020

In review of the COVID-19 resurgence and uncertain market conditions, 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 30/09/2020							
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	-	1,560	-	-	4,364	-	5,924
Products transferred at a point in time	61,954	1,060	128	187	-	-	63,329
Income not within the scope of MFRS 15	-	-	-	-	-	577	577
	61,954	2,620	128	187	4,364	577	69,830

Current Year To Date 30/09/2020							
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	-	2,436	-	-	8,057	-	10,493
Products transferred at a point in time	161,534	4,555	874	748	-	-	167,711
Income not within the scope of MFRS 15	-	-	-	-	-	1,421	1,421
	161,534	6,991	874	748	8,057	1,421	179,625

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

18. **Loss Before Tax**

	Current Year Quarter 30/09/2020 RM'000	Current Year To Date 30/09/2020 RM'000
Loss before tax is arrived at after charging:		
- Interest expense	653	1,955
- Depreciation	4,040	12,367
- Impairment losses on financial assets	-	-
- Inventories written down	207	335
- Inventories written off	-	-
- Loss on disposal of property, plant and equipment	-	-
- Property, plant and equipment written off	-	-
- Loss on foreign exchange - realised	1,064	965
- Loss on foreign exchange - unrealised	739	-
- Loss on dissolution of subsidiary	614	614
- Fair value losses on financial instruments	-	-
- Fair value changes in biological assets	-	-
- Reversal of waiver of debt	7,499	-
- Exceptional items	-	-
and crediting:		
- Interest income	364	1,086
- Dividend income	-	-
- Gain on disposal of property, plant and equipment	23	50
- Gain on dissolution of associate	7,061	7,061
- Gain on foreign exchange - realised	-	-
- Gain on foreign exchange - unrealised	-	691
- Fair value gains on financial instruments	-	2,964
- Fair value changes in biological assets	20	2
- Impairment gains on financial assets	-	-
- Reversal of inventories written down	165	312

19. **Taxation**

Taxation comprises:

	Current Year Quarter 30/09/2020 RM '000	Current Year To Date 30/09/2020 RM '000
Income tax	(685)	(1,014)
Withholding tax on dividend income from foreign subsidiary	-	(3,127)
Deferred tax	213	1,234
Real property gains tax	24	32
	<u>(448)</u>	<u>(2,875)</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 subsidiaries; and
- (iv) withholding tax on dividend income from foreign subsidiary.

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

20. **Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this announcement.

21. **Group Borrowings and Debt Securities**

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

	As at 30 September 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	-	-	-	545	-	545
Term Loans	-	36,317	-	1,872	-	38,189
	-	36,317	-	2,417	-	38,734
Unsecured						
Term Loans	-	5,622	-	1,872	-	7,494
Revolving Credits	-	-	-	13,000	-	13,000
Bankers Acceptance	-	-	-	1,475	-	1,475
	-	5,622	-	16,347	-	21,969
Total	-	41,939	-	18,764	-	60,703

	As at 30 September 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	-	1,924	-	36,163
	-	34,239	-	1,924	-	36,163
Unsecured						
Term Loans	-	13,103	-	1,868	-	14,971
Revolving Credits	-	-	-	7,000	-	7,000
Foreign Currency Trust Receipts - USD564,997 @ 4.1325	-	-	2,335	-	2,335	-
Bankers Acceptance	-	-	-	1,387	-	1,387
	-	13,103	2,335	10,255	2,335	23,358
Total	-	47,342	2,335	12,179	2,335	59,521

	As at 30 September 2020			As at 30 September 2019		
	Effective Interest Rate As at 30 September 2020 % p.a.	Floating Rate RM'000	Fixed Rate RM'000	Effective Interest Rate As at 30 September 2019 % p.a.	Floating Rate RM'000	Fixed Rate RM'000
	Bank Overdraft	4.10%	545	-	-	-
Term Loans	3.44% ~ 4.32%	45,683	-	4.86% ~ 5.82%	51,134	-
Revolving Credits	2.94% ~ 3.36%	-	13,000	4.36%	-	7,000
Bankers Acceptance	3.74% ~ 4.24%	-	1,475	5.43% ~ 5.50%	-	1,387
Foreign Currency Trust Receipts	-	-	-	3.10% ~ 3.11%	-	2,335
Total		46,228	14,475		51,134	10,722
%		76.15%	23.85%		82.67%	17.33%

Compared to the period ended 30 September 2019, the Group's borrowings decreased to RM 60.7 million from RM 61.9 million mainly due to repayment of term loans and foreign currency trust receipts which were partly offset by the increase in revolving credits and bank overdraft for working capital purposes .

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

22. **Financial Instruments**

a) Derivatives

There were no outstanding derivatives as at 30 September 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 ended 30 September 2020 and the gains arising from fair value changes of financial liabilities were RM 3.0 million for the period ended 30 September 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

	30/09/2020 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 September 2020.

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

23. Material Litigation

There was no material litigation against the Group as at 30 September 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 undervalued, 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, TESP 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 TESP 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 TESP 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"). TESP intended to defend itself against NHBSB's application and had filed an affidavit to oppose the said application on 4 June 2020. TESP 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 TESP 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. TESP 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 TESP'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.

On 28 October 2020, the Company announced that the Court had previously fixed the joint hearing of TESP's application to set aside/ stay execution of the Adjudication Decision and NHBSB's applications to enforce the Adjudication Decision and to stay the Court proceedings pending arbitration on 2 November 2020.

However, as a result of the extension of the Conditional Movement Control Order in Selangor until 9 November 2020, the said hearing date had been vacated. A further case management date had been fixed on 18 November 2020.

On 12 November 2020, the Company announced that the Court had informed that the case management of the Setting Aside/Stay Application, Enforcement Application and the Stay pending Arbitration Application which had been previously fixed on 18 November 2020, had been further rescheduled to 7 January 2021 in light of the extended Conditional Movement Control Order until 6 December 2020.

The Company will make further announcements on the outcome of the joint hearing and other material developments 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 September 2020.

25. Loss Per Share

	Current Year Quarter 30/09/2020	Current Year To Date 30/09/2020
Loss attributable to owners of the Company (RM '000)	(24,675)	(30,594)
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)	(8.88)	(11.01)

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

26. Authorisation for Issue

The Board of Directors authorised the issue of this unaudited interim financial report on 24 November 2020.