

# GUH HOLDINGS BERHAD (Company No. 4104-W)

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2022 RM '000	PRECEDING YEAR QUARTER 30/09/2021 RM '000	CURRENT YEAR TO DATE 30/09/2022 RM '000	PRECEDING YEAR TO DATE 30/09/2021 RM '000
Revenue	67,174	62,475	211,857	190,412
Interest income	311	282	860	895
Operating expenses	(69,611)	(62,655)	(215,356)	(188,523)
Other income	2,973	763	6,566	3,747
Finance costs	(480)	(347)	(1,111)	(1,083)
Share of associates' (loss)/profit	(74)	219	(137)	(62)
Share of joint venture's loss	(31)	-	(78)	-
Profit before tax (Note 18)	262	737	2,601	5,386
Tax expense	(1,475)	(1,076)	(3,884)	(927)
(Loss)/Profit for the period	(1,213)	(339)	(1,283)	4,459
(Loss)/Profit for the period attributable to:				
Owners of the Company	(1,211)	(338)	(1,279)	4,463
Non-controlling interests	(2)	(1)	(4)	(4)
	(1,213)	(339)	(1,283)	4,459
(Loss)/Earnings per share (sen):				
(a) Basic	(0.43)	(0.12)	(0.46)	1.61
(b) Diluted	(0.43)	(0.12)	(0.45)	1.61

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

# GUH HOLDINGS BERHAD (Company No. 4104-W)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2022 RM '000	PRECEDING YEAR QUARTER 30/09/2021 RM '000	CURRENT YEAR TO DATE 30/09/2022 RM '000	PRECEDING YEAR TO DATE 30/09/2021 RM '000
(Loss)/Profit for the period	(1,213)	(339)	(1,283)	4,459
Other comprehensive (loss)/income:				
Item that may be reclassified subsequently to profit or loss:				
- Currency translation differences for foreign operations	(885)	602	(838)	3,939
- Reclassification adjustment on disposal of foreign operations	-	-	-	199
- Share of associate's other comprehensive (loss)/income	(97)	364	(199)	202
Total other comprehensive (loss)/income for the period	(982)	966	(1,037)	4,340
Comprehensive (loss)/income for the period	(2,195)	627	(2,320)	8,799
Comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(2,193)	628	(2,316)	8,803
Non-controlling interests	(2)	(1)	(4)	(4)
	(2,195)	627	(2,320)	8,799

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

**GUH HOLDINGS BERHAD** (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022**

	AS AT 30/09/2022 RM '000	AS AT 31/12/2021 RM '000
<b>Non-Current Assets</b>		
Property, Plant and Equipment	107,213	104,412
Investment Properties	41,448	39,415
Right-of-use Assets	25,344	26,462
Investments in Associates	6,061	6,137
Investment in Joint Venture	42,492	16,560
Other Investments	6,521	-
Inventories	166,226	160,877
Prepayments	-	750
Deferred Tax Assets	793	2,352
	396,098	356,965
<b>Current Assets</b>		
Inventories	101,566	111,084
Biological Assets	240	225
Contract Costs	432	-
Contract Assets	3,505	4,752
Receivables	60,125	54,267
Prepayments	1,728	1,189
Current Tax Assets	3,169	150
Cash and Cash Equivalents	80,769	83,962
	251,534	255,629
<b>Current Liabilities</b>		
Contract Liabilities	4,471	6,233
Payables	60,605	61,241
Loans and Borrowings	23,517	10,270
Lease Liabilities	77	281
Financial Guarantee Contracts	24,728	183
Current Tax Liabilities	1,517	3,250
	114,915	81,458
<b>Net Current Assets</b>	136,619	174,171
<b>Non-Current Liabilities</b>		
Deferred Tax Liabilities	8,318	7,796
Loans and Borrowings	28,278	25,785
Lease Liabilities	274	292
Retirement Benefits	8,629	8,048
	45,499	41,921
<b>Net Assets</b>	487,218	489,215
<b>Equity</b>		
Share Capital	279,084	277,992
Treasury Shares	(148)	(148)
Reserves	208,305	211,390
<b>Equity Attributable to Owners of the Company</b>	487,241	489,234
Non-controlling Interests	(23)	(19)
<b>Total Equity</b>	487,218	489,215
<b>Net Assets per Share Attributable to Owners of the Company (RM)</b>	1.74	1.76

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	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	Employees' share grant scheme reserve RM '000	Capital reserve * RM '000	Currency translation reserve RM '000	Retained profits RM '000			
At 01/01/2022	277,992	(148)	1,576	13,960	41,518	154,336	489,234	(19)	489,215
Currency translation differences for foreign operations	-	-	-	-	(838)	-	(838)	-	(838)
Share of associate's other comprehensive loss	-	-	-	-	(199)	-	(199)	-	(199)
Total other comprehensive loss for the period	-	-	-	-	(1,037)	-	(1,037)	-	(1,037)
Loss for the period	-	-	-	-	-	(1,279)	(1,279)	(4)	(1,283)
Comprehensive loss for the period	-	-	-	-	(1,037)	(1,279)	(2,316)	(4)	(2,320)
Issuance of ordinary shares pursuant to Share Grant Plan	1,092	-	(1,092)	-	-	-	-	-	-
Share Grant Plan expense	-	-	323	-	-	-	323	-	323
Total transactions with owners	1,092	-	(769)	-	-	-	323	-	323
At 30/09/2022	279,084	(148)	807	13,960	40,481	153,057	487,241	(23)	487,218
At 01/01/2021	277,992	(148)	-	13,960	36,355	139,763	467,922	(15)	467,907
Currency translation differences for foreign operations	-	-	-	-	3,939	-	3,939	-	3,939
Reclassification adjustment on disposal of foreign operations	-	-	-	-	199	-	199	-	199
Share of associate's other comprehensive income	-	-	-	-	202	-	202	-	202
Total other comprehensive income for the period	-	-	-	-	4,340	-	4,340	-	4,340
Profit/(Loss) for the period	-	-	-	-	-	4,463	4,463	(4)	4,459
Comprehensive income/(loss) for the period	-	-	-	-	4,340	4,463	8,803	(4)	8,799
Share-based payment transactions (representing total transactions with owners)	-	-	686	-	-	-	686	-	686
At 30/09/2021	277,992	(148)	686	13,960	40,695	144,226	477,411	(19)	477,392

\* 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 2021)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

	CURRENT YEAR TO DATE 30/09/2022 RM '000	PRECEDING YEAR TO DATE 30/09/2021 RM '000
Cash flows from operating activities		
Profit before tax	2,601	5,386
Adjustments for:		
Amortisation of financial guarantee contracts	(1,465)	(412)
Depreciation	11,628	11,270
Dividend income	(50)	-
Fair value changes in biological assets	(15)	(30)
Fair value losses on financial instruments	2,207	2
Interest expense	1,111	1,083
Interest income	(860)	(895)
Inventories written down	386	59
Gain on disposal of property, plant and equipment	(35)	(48)
Gain on disposal of subsidiary	-	(984)
Provision for retirement benefits	581	570
Reversal of inventories written down	(158)	(461)
Share of associates' loss	137	62
Share of joint venture's loss	78	-
Share-based payments	323	686
Unrealised gain on foreign exchange	(3,736)	(1,196)
Operating profit before working capital changes	12,733	15,092
Changes in:		
Contract costs	(432)	(25)
Contract assets	1,247	(7,365)
Inventories	3,941	(3,090)
Receivables	(4,047)	4,987
Prepayments	211	(138)
Contract liabilities	(1,762)	1,597
Payables	(1,395)	(16)
Cash generated from operations	10,496	11,042
Tax paid	(6,527)	(1,744)
Tax refunded	23	10
	(6,504)	(1,734)
Net cash from operating activities	3,992	9,308
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,765)	(4,197)
Additions of investment properties	(2,693)	(817)
Additions of other investments	(8,728)	-
Dividend received	71	-
Disposal of subsidiary, net of cash disposed of	-	(5,446)
Investment in associate - increased in share capital	(280)	-
Interest received	860	895
Proceeds from disposal of property, plant and equipment	115	59
Net cash used in investing activities	(23,420)	(9,506)
Cash flows from financing activities		
Changes in term deposits pledged as security	-	420
Drawdown of term loans	2,493	604
Increase in short-term loans and borrowings (net)	14,242	5,791
Interest paid	(1,160)	(1,080)
Payment of lease liabilities	(221)	(327)
Repayment of term loans	(985)	(12,282)
Net cash from/(used in) financing activities	14,369	(6,874)
Currency translation differences	1,866	2,397
Net decrease in cash and cash equivalents	(3,193)	(4,675)
Cash and cash equivalents brought forward	83,942	74,995
Cash and cash equivalents carried forward	80,749	70,320
Note:		
Cash and cash equivalents	80,769	72,039
Bank overdraft	-	(1,699)
Term deposits pledged as security	(20)	(20)
	80,749	70,320

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**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 2021.

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 2021 except for the adoption of the following MFRS:

	Effective for annual periods beginning on or after
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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 2022.

**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 2022.

**6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current year quarter and period ended 30 September 2022 other than the following:

On 18 March 2022, the Company announced it has granted and vested 2,366,762 new ordinary shares to the eligible persons upon satisfaction of the vesting conditions pursuant to Company's Share Grant Plan (SGP) and is administered in accordance with its by-laws by the SGP committee at the weighted average fair value of RM0.46 per share.

**7. Dividend Paid**

No dividend was paid during the current year quarter and period ended 30 September 2022.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**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	Cultivation of Oil Palm RM '000	Water and Wastewater Treatment RM '000		
Revenue						
Total revenue	166,080	33,092	1,227	10,251	7,175	217,825
Intersegment revenue	-	-	-	(1,419)	(4,549)	(5,968)
External revenue	166,080	33,092	1,227	8,832	2,626	211,857
Results						
Segment results	1,382	7,076	(173)	(2,381)	(2,837)	3,067
Interest income	681	56	-	1	122	860
Interest expense	(333)	(82)	-	(21)	(675)	(1,111)
Share of associates' loss	-	-	-	-	(137)	(137)
Share of joint venture's loss	-	-	-	-	(78)	(78)
Profit/(Loss) before tax	1,730	7,050	(173)	(2,401)	(3,605)	2,601
Tax expense	(1,588)	(1,879)	(4)	-	(413)	(3,884)
Profit/(Loss) for the period	142	5,171	(177)	(2,401)	(4,018)	(1,283)
Assets						
Segment assets	244,584	257,643	18,239	15,253	59,398	595,117
Investments in associates	-	-	-	-	6,061	6,061
Investment in joint venture	-	-	-	-	42,492	42,492
Income tax assets	1,488	2,308	134	30	2	3,962
Total assets	246,072	259,951	18,373	15,283	107,953	647,632
Liabilities						
Segment liabilities	37,136	14,651	59	9,340	37,247	98,433
Loans and borrowings	22,925	5,720	-	108	23,042	51,795
Lease liabilities	-	224	-	58	69	351
Income tax liabilities	8,790	45	4	-	996	9,835
Total liabilities	68,851	20,640	63	9,506	61,354	160,414

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**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 the following:

On 2 November 2022, the Company announced that its wholly-owned subsidiary, GUH Capital Sdn. Bhd., has entered into a share purchase agreement to acquire 5,500 ordinary shares, representing 55% equity interest in Star Wheels Electronic Sdn. Bhd. ("SWE") for a cash consideration of RM1,100,000.00; and a share subscription agreement to subscribe 5,000 new ordinary shares in SWE for a cash consideration of RM1,000,000.00. The Proposals are estimated to be completed latest by the first quarter of 2023. Upon completion of the Proposals, SWE shall be a 70% owned subsidiary of the Company.

**10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the period ended 30 September 2022.

**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 2022 are as follows:

	30/09/2022 RM '000
Purchase of goods from other related parties (a)	12,800
Acquisition of property, plant and equipment from other related party (a)	166
Receiving of services from other related party (a)	184
Rental charged by other related party (a)	86
Rental charged to other related party (a)	136
Sale of goods to other related party (a)	3,214
	3,214

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

**13. Review of the Performance**

Operating Segment	Current Year Quarter 30/09/2022 RM '000	Preceding Year Quarter 30/09/2021 RM '000	Changes RM '000	Current Year to Date 30/09/2022 RM '000	Preceding Year to Date 30/09/2021 RM '000	Changes RM '000
<b>Revenue</b>						
<b>Electronic</b>						
- Manufacture of printed circuit boards	51,133	51,614	(481)	166,080	158,234	7,846
<b>Properties</b>						
- Property development	11,189	6,405	4,784	33,092	17,773	15,319
- Cultivation of oil palm	333	323	10	1,227	1,431	(204)
<b>Utilities</b>						
- Water and wastewater treatment	3,629	3,661	(32)	8,832	11,596	(2,764)
Unallocated non-operating segments	890	472	418	2,626	1,378	1,248
<b>Total</b>	67,174	62,475	4,699	211,857	190,412	21,445
<b>Profit/(Loss) before tax</b>						
<b>Electronic</b>						
- Manufacture of printed circuit boards	(1,820)	1,087	(2,907)	1,730	5,763	(4,033)
<b>Properties</b>						
- Property development	2,555	1,521	1,034	7,050	3,353	3,697
- Cultivation of oil palm	(78)	(76)	(2)	(173)	81	(254)
<b>Utilities</b>						
- Water and wastewater treatment	(717)	(943)	226	(2,401)	(455)	(1,946)
- Unallocated non-operating segments	322	(852)	1,174	(3,605)	(3,356)	(249)
<b>Total</b>	262	737	(475)	2,601	5,386	(2,785)



**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

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

**a) Current Year Quarter vs Preceding Year Quarter**

The Group recorded a profit before tax of RM 0.3 million for the current year quarter ended 30 September 2022 compared to a profit before tax of RM 0.7 million for the preceding year quarter mainly due to negative contribution from Electronic Division which were partly offset by improved contribution from Properties Division and gain on fair value adjustment of other investments.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 30 September 2022 compared to the preceding year quarter is as follows:

i) **Manufacture of printed circuit boards**

The loss before tax of RM 1.8 million was in contrast to a profit before tax of RM 1.1 million mainly due to lower contribution from Malaysia operation as a result of higher material cost due to recent inflationary pressures and revision of minimum wages from RM1,200 to RM1,500 effective May 2022 partly offset by favourable foreign exchange.

ii) **Property development**

The profit before tax increased to RM 2.6 million from RM 1.5 million in line with higher property units sold.

iii) **Cultivation of oil palm**

Loss before tax was almost the same at RM 0.01 million.

iv) **Water and wastewater treatment**

Loss before tax decreased to RM 0.7 million from RM 0.9 million mainly due to lower administrative expenses.

v) **Unallocated non-operating segments**

The profit before tax of RM 0.3 million was in contrast to a loss before tax of RM 0.9 million mainly due to gain on fair value adjustment of other investments.

**b) Current Year to Date vs Preceding Year to Date**

For the period ended 30 September 2022, the Group recorded a lower profit before tax of RM 2.6 million compared to RM 5.4 million for the preceding year to date mainly due to lower contribution from Electronic Division and Utilities Division offset by improved contribution from Properties Division.

Detailed analysis of the performance of the Group's operating segments for the period ended 30 September 2022 compared to the preceding year to date is as follows:

i) **Manufacture of printed circuit boards**

Profit before tax decreased to RM 1.7 million from RM 5.8 million mainly due to lower contribution from Malaysia operation as a result of higher material cost due to recent inflationary pressures and revision of minimum wages from RM1,200 to RM1,500 effective May 2022 partly offset by favourable foreign exchange.

ii) **Property development**

The profit before tax increased to RM 7.1 million from RM 3.4 million in line with higher property units sold.

iii) **Cultivation of oil palm**

The loss before tax of RM 0.20 million was in contrast to a profit before tax of RM 0.08 million mainly due to lower FFB output.

iv) **Water and wastewater treatment**

Loss before tax increased to RM 2.4 million from RM 0.5 million mainly due to lower percentage of completion for water projects.

v) **Unallocated non-operating segments**

Loss before tax increased to RM 3.6 million from RM 3.4 million mainly due to loss on fair value adjustment of other investments.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

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

	Current Year Quarter 30/09/2022 RM'000	Immediate Preceding Quarter 30/06/2022 RM'000	Changes RM'000
Revenue	67,174	76,412	(9,238)
Profit Before Tax	262	2,542	(2,280)

As compared to the immediate preceding quarter, the Group's profit before tax decreased to RM 0.3 million from RM 2.5 million mainly due to lower contribution from Electronic Divisions contra with gain on fair value adjustment of other investments.

**15. Prospects for 2022**

According to Bank Negara Malaysia ("BNM"), the Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 with headline inflation of 2.8% during the quarter and the BNM Governor projected further improvement of economy for the remainder of the year. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions. Currently, the headline inflation is on the upward trend, from 4.4% in July to 4.7% in August which is in line with market expectations. The group is expected to face continued headwinds, including tightening global financial conditions and exchange rate developments in a near future.

**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 30/09/2022						
Segment	Electronic	Properties		Utilities	Others	Group RM '000
Major products / Services	Manufacture of Printed Circuit Boards RM '000	Property Development 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	-	5,027	-	3,629	-	8,656
Products transferred at a point in time	51,133	6,162	333	-	-	57,628
Income not within the scope of MFRS 15	-	-	-	-	890	890
	51,133	11,189	333	3,629	890	67,174

Current Year to Date 30/09/2022						
Segment	Electronic	Properties		Utilities	Others	Group RM '000
Major products / Services	Manufacture of Printed Circuit Boards RM '000	Property Development 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	-	8,828	-	8,832	-	17,660
Products transferred at a point in time	166,080	24,264	1,227	-	-	191,571
Income not within the scope of MFRS 15	-	-	-	-	2,626	2,626
	166,080	33,092	1,227	8,832	2,626	211,857

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

18. **Profit Before Tax**

	Current Year Quarter 30/09/2022 RM'000	Current Year to Date 30/09/2022 RM'000
Profit before tax is arrived at after charging:		
- Interest expense	480	1,111
- Depreciation	3,883	11,628
- Inventories written down	252	386
- Loss on disposal of property, plant and equipment	18	-
- Fair value losses on financial instruments	-	2,207
and crediting:		
- Amortisation of financial guarantee contract	488	1,465
- Interest income	311	860
- Dividend income	15	50
- Gain on disposal of property, plant and equipment	-	35
- Gain on foreign exchange - realised	299	419
- Gain on foreign exchange - unrealised	1,811	3,736
- Fair value gains on financial instruments	751	-
- Fair value changes in biological assets	41	15
- Reversal of inventories written down	29	158

19. **Taxation**

Taxation comprises:

	Current Year Quarter 30/09/2022 RM '000	Current Year to Date 30/09/2022 RM '000
Income tax	(395)	(1,803)
Deferred tax	(1,080)	(2,081)
	<u>(1,475)</u>	<u>(3,884)</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 those disclosed in item 9.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

21. **Group Borrowings and Debt Securities**

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

	As at 30 September 2022					
	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
<b>Secured</b>						
Term Loans	-	28,278	-	484	-	28,762
	-	28,278	-	484	-	28,762
<b>Unsecured</b>						
Banker Acceptance	-	-	-	108	-	108
Revolving Credit	-	-	-	9,000	-	9,000
Foreign Currency Trust Receipts						
- USD1,269,186 @ 4.410	-	-	5,597	-	5,597	-
- USD1,362,854 @ 4.453	-	-	6,069	-	6,069	-
- USD 504,199 @ 4.481	-	-	2,259	-	2,259	-
	-	-	13,925	9,108	13,925	9,108
<b>Total</b>	-	28,278	13,925	9,592	13,925	37,870

	As at 30 September 2021					
	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
<b>Secured</b>						
Bank Overdraft	-	-	-	1,699	-	1,699
Term Loans	-	25,764	-	4,470	-	30,234
Revolving Credit	-	-	-	3,000	-	3,000
	-	25,764	-	9,169	-	34,933
<b>Unsecured</b>						
Bankers Acceptance	-	-	-	260	-	260
Foreign Currency Trust Receipts						
- USD627,069 @ 4.154	-	-	2,605	-	2,605	-
- USD293,736 @ 4.162	-	-	1,222	-	1,222	-
	-	-	3,827	260	3,827	260
<b>Total</b>	-	25,764	3,827	9,429	3,827	35,193

	As at 30 September 2022			As at 30 September 2021		
	Effective Interest Rate	Floating Rate	Fixed Rate	Effective Interest Rate	Floating Rate	Fixed Rate
	As at 30 September 2022 % p.a.	RM'000	RM'000	As at 30 September 2021 % p.a.	RM'000	RM'000
Bank Overdraft	-	-	-	4.10%	1,699	-
Term Loans	4.05% ~ 4.21%	28,762	-	3.67% ~ 4.26%	30,234	-
Revolving Credits	3.76%	-	9,000	3.02%	-	3,000
Bankers Acceptance	4.62%	-	108	3.97%	-	260
Foreign Currency Trust Receipts	3.49% ~ 4.81%	-	13,925	1.26% ~ 1.38%	-	3,827
<b>Total</b>		28,762	23,033		31,933	7,087
<b>%</b>		55.53%	44.47%		81.84%	18.16%

Compared to the period ended 30 September 2021, the Group's borrowings increased to RM 51.8 million from RM 39.0 million mainly due to increase in revolving credits and foreign currency trust receipts for working capital purposes which were partly offset by decrease in term loans, bankers acceptance and bank overdraft.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**22. Financial Instruments**

**a) Derivatives**

There were no outstanding derivatives as at 30 September 2022.

**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 30 September 2022.

**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**

	30/09/2022 RM '000
Shares quoted in Malaysia - at fair value	6,521
Unquoted shares - at cost less impairment losses	-
	<u>6,521</u>

The fair values of quoted investments are directly measured using their unadjusted closing prices at 30 September 2022 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 2022.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**23. Material Litigation**

There was no material litigation against the Group as at 30 September 2022 other than the following:

On 18 August 2022, the Company announced that its wholly-owned subsidiary, Teknoserv Engineering Sdn. Bhd. ("TESB") has served a Notice of Adjudication pursuant to Section 7 & 8 of the Construction Industry Payment & Adjudication Act 2012 ("CIPA Act") against:

- a) JAKS Sdn. Bhd.; and
- b) KACC Construction Sdn. Bhd.

An unincorporated joint venture collectively known as JAKS-KACC JV ("JKJV"). TESB is seeking relieves and remedies arising from a Letter of Award ("LOA") dated 10 July 2014 and a Sub-Contractor Agreement dated 24 July 2014 against JKJV for:

- (a) Payment for certified work done amounting to RM22.6 million or such sum as assessed by the Learned Adjudicator;
- (b) Interest in the adjudicated sum at the rate of 5% per annum, until the actual date of realization of the sums due;
- (c) Any such costs incurred seeking relieves & remedies; and
- (d) Such other relieves as deemed by the Learned Adjudicator.

TESB has served the Adjudication Claim dated 25 October 2022, and JKJV has submitted their Adjudication Response dated 8 November 2022. In accordance with CIPA Act, TESB has submitted its Adjudication Reply on 15 November 2022. 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 30 September 2022.

**25. Earnings Per Share**

(a) Basic EPS

	Current Year Quarter 30/09/2022	Current Year to Date 30/09/2022
Loss attributable to owners of the Company (RM '000)	(1,211)	(1,279)
Number of ordinary shares in issue at the beginning of the period ('000)	280,156	277,789
Effect of share grant issued ('000)	-	1,841
Weighted average number of ordinary shares in issue ('000)	280,156	279,630
Basic loss per share (sen)	(0.43)	(0.46)

(b) Diluted EPS

	Current Year Quarter 30/09/2022	Current Year to Date 30/09/2022
Loss attributable to owners of the Company (RM '000)	(1,211)	(1,279)
Number of ordinary shares in issue at the beginning of the period ('000)	280,156	277,789
Effect of share grant issued ('000)	-	1,841
Effect of dilution of share grants ('000)	1,187	1,802
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	281,343	281,432
Diluted loss per share (sen)	(0.43)	(0.45)

**26. Authorisation for Issue**

The Board of Directors authorised the issue of this unaudited interim financial report on 28 November 2022.