

GUH HOLDINGS BERHAD (Registration No. 196101000062 (4104-W))

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2022 RM '000	PRECEDING YEAR QUARTER 31/12/2021 RM '000	CURRENT YEAR TO DATE 31/12/2022 RM '000	PRECEDING YEAR TO DATE 31/12/2021 RM '000
Revenue	63,985	88,384	275,842	278,796
Interest income	364	274	1,224	1,169
Impairment losses on financial assets	(30)	-	(30)	-
Operating expenses	(62,238)	(82,914)	(277,594)	(271,437)
Other income	(2,575)	7,080	3,991	10,827
Finance costs	(596)	(346)	(1,707)	(1,429)
Share of associates' (loss)/profit	(428)	234	(565)	172
Share of joint venture's loss	(21)	(40)	(99)	(40)
(Loss)/Profit before tax (Note 18)	(1,539)	12,672	1,062	18,058
Tax expense	(1,466)	(2,562)	(5,350)	(3,489)
(Loss)/Profit for the period/financial year	(3,005)	10,110	(4,288)	14,569
(Loss)/Profit for the period/financial year attributable to:				
Owners of the Company	(3,003)	10,110	(4,282)	14,573
Non-controlling interests	(2)	-	(6)	(4)
	(3,005)	10,110	(4,288)	14,569
(Loss)/Earnings per share (sen):				
(a) Basic	(1.07)	3.64	(1.53)	5.25
(b) Diluted	(1.07)	3.59	(1.53)	5.18

(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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2022 RM '000	PRECEDING YEAR QUARTER 31/12/2021 RM '000	CURRENT YEAR TO DATE 31/12/2022 RM '000	PRECEDING YEAR TO DATE 31/12/2021 RM '000
(Loss)/Profit for the period/financial year	(3,005)	10,110	(4,288)	14,569
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
- Currency translation differences for foreign operations	(1,635)	612	(2,473)	4,749
- Reclassification adjustment on disposal of foreign operations	-	199	-	199
- Share of associate's other comprehensive income	(231)	12	(430)	215
Total other comprehensive income for the period/financial year	(1,866)	823	(2,903)	5,163
Comprehensive income for the period/financial year	(4,871)	10,933	(7,191)	19,732
Comprehensive income for the period/financial year attributable to:				
Owners of the Company	(4,869)	10,933	(7,185)	19,736
Non-controlling interests	(2)	-	(6)	(4)
	(4,871)	10,933	(7,191)	19,732

(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 (Registration No. 196101000062 (4104-W))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	AS AT 31/12/2022 RM '000	AS AT 31/12/2021 RM '000
Non-Current Assets		
Property, Plant and Equipment	104,994	104,412
Investment Properties	39,907	39,415
Right-of-use Assets	24,606	26,462
Investments in Associates	11,058	6,137
Investment in Joint Venture	20,968	16,560
Other Investments	6,043	-
Inventories	167,459	160,877
Prepayments	1,393	750
Deferred Tax Assets	962	2,352
	377,390	356,965
Current Assets		
Inventories	94,617	111,084
Biological Assets	146	225
Contract Costs	372	-
Contract Assets	5,698	4,752
Receivables	38,291	54,267
Derivatives	9	-
Prepayments	1,405	1,189
Current Tax Assets	2,609	150
Cash and Cash Equivalents	90,329	83,962
	233,476	255,629
Current Liabilities		
Contract Liabilities	5,555	6,233
Payables	46,513	61,241
Loans and Borrowings	25,291	10,270
Lease Liabilities	215	281
Financial Guarantee Contract	4,507	183
Current Tax Liabilities	1,470	3,250
	83,551	81,458
Net Current Assets	149,925	174,171
Non-Current Liabilities		
Deferred Tax Liabilities	8,232	7,796
Loans and Borrowings	27,561	25,785
Lease Liabilities	167	292
Retirement Benefits	8,824	8,048
	44,784	41,921
Net Assets	482,531	489,215
Equity		
Share Capital	279,084	277,992
Treasury Shares	(148)	(148)
Reserves	203,620	211,390
Equity Attributable to Owners of the Company	482,556	489,234
Non-controlling Interests	(25)	(19)
Total Equity	482,531	489,215
Net Assets per Share Attributable to Owners of the Company (RM)	1.72	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 YEAR ENDED 31 DECEMBER 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	-	-	-	-	(2,473)	-	(2,473)	-	(2,473)
Share of associate's other comprehensive income	-	-	-	-	(430)	-	(430)	-	(430)
Total other comprehensive income for the financial year	-	-	-	-	(2,903)	-	(2,903)	-	(2,903)
Loss for the financial year	-	-	-	-	-	(4,282)	(4,282)	(6)	(4,288)
Comprehensive income for the financial year	-	-	-	-	(2,903)	(4,282)	(7,185)	(6)	(7,191)
Share-based payments	-	-	507	-	-	-	507	-	507
Issue of shares pursuant to Share Grant Plan	1,092	-	(1,092)	-	-	-	-	-	-
Total transactions with owners	1,092	-	(585)	-	-	-	507	-	507
At 31/12/2022	279,084	(148)	991	13,960	38,615	150,054	482,556	(25)	482,531
At 01/01/2021	277,992	(148)	-	13,960	36,355	139,763	467,922	(15)	467,907
Currency translation differences for foreign operations	-	-	-	-	4,749	-	4,749	-	4,749
Reclassification adjustment on disposal of foreign operations	-	-	-	-	199	-	199	-	199
Share of associate's other comprehensive income	-	-	-	-	215	-	215	-	215
Total other comprehensive income for the financial year	-	-	-	-	5,163	-	5,163	-	5,163
Profit/(Loss) for the financial year	-	-	-	-	-	14,573	14,573	(4)	14,569
Comprehensive income for the financial year	-	-	-	-	5,163	14,573	19,736	(4)	19,732
Share-based payments (representing total transactions with owners)	-	-	1,576	-	-	-	1,576	-	1,576
At 31/12/2021	277,992	(148)	1,576	13,960	41,518	154,336	489,234	(19)	489,215

* 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 YEAR ENDED 31 DECEMBER 2022**

	CURRENT YEAR TO DATE 31/12/2022 RM '000	PRECEDING YEAR TO DATE 31/12/2021 RM '000
Cash flows from operating activities		
Profit before tax	1,062	18,058
Adjustments for:		
Amortisation of financial guarantee contracts	(183)	(275)
Depreciation	15,316	15,048
Dividends income	(101)	-
Fair value changes in biological assets	79	(73)
Fair value losses/(gains) on financial instruments	2,638	(493)
Gain on derecognition of financial guarantee contract	-	(550)
Gain on disposal of associate	(19)	(4,603)
Gain on disposal of investment property	-	(796)
Gain on disposal of property, plant and equipment	(76)	(95)
Gain on disposal of subsidiary	-	(360)
Impairment loss on financial assets	30	-
Interest expense	1,707	1,429
Interest income	(1,224)	(1,169)
Inventories written down	453	149
Provision for retirement benefits	776	761
Revenue from sale of development land	-	(16,600)
Reversal of impairment loss on property, plant and equipment	-	(1,453)
Reversal of inventories written down	(373)	(489)
Share-based payments	507	1,576
Share of associates' loss/(profit)	565	(172)
Share of joint venture's loss	99	40
Unrealised gain on foreign exchange	(801)	(452)
Variable lease payments	-	(16)
	<u>20,455</u>	<u>9,465</u>
Operating profit before working capital changes		
Changes in:		
Inventories	9,805	11,626
Contract costs	(372)	48
Contract assets	(946)	(414)
Receivables	13,766	(242)
Prepayments	(859)	530
Contract liabilities	(678)	2,609
Payables	(14,214)	601
Cash generated from operations	<u>26,957</u>	<u>24,223</u>
Tax paid	(7,734)	(6,325)
Tax refunded	23	10
	<u>(7,711)</u>	<u>(6,315)</u>
Net cash from operating activities	19,246	17,908
Cash flows from investing activities		
Acquisition of property, plant and equipment	(14,619)	(7,898)
Acquisition of right-of-use assets	(11)	-
Additions of investment properties	(1,376)	(1,889)
Additions of other investments	(8,728)	(8,891)
Disposal of subsidiary, net of cash disposed of	-	(5,577)
Dividends received	122	225
Interest and fund distributions received	1,262	1,210
Proceeds from disposal of associate	1,186	8,864
Proceeds from disposal of investment property	-	1,480
Proceeds from disposal of other investments	-	9,346
Proceeds from disposal of property, plant and equipment	457	116
Subscription for shares in associate	(5,937)	-
	<u>(27,644)</u>	<u>(3,014)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Changes in term deposits pledged as security	-	420
Drawdown of long-term loans	4,999	4,005
Increase in short-term loans and borrowings (net)	13,149	2,571
Interest paid	(1,710)	(1,353)
Payment of lease liabilities	(281)	(393)
Repayment of long-term loans	(1,387)	(13,814)
	<u>14,770</u>	<u>(8,564)</u>
Net cash from/(used in) financing activities		
Currency translation differences	(5)	2,617
	<u>6,367</u>	<u>8,947</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents brought forward	83,942	74,995
	<u>90,309</u>	<u>83,942</u>
Cash and cash equivalents carried forward		
Note:		
Cash and cash equivalents	90,329	83,962
Term deposits pledged as security	(20)	(20)
	<u>90,309</u>	<u>83,942</u>

(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 YEAR ENDED 31 DECEMBER 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 year ended 31 December 2022.

5. Changes in Estimates

There were no changes in the estimates that have a material effect in the current year quarter and year ended 31 December 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 year ended 31 December 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 year ended 31 December 2022.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	213,885	46,129	1,602	13,062	16,090	290,768
Intersegment revenue	-	-	-	(2,386)	(12,540)	(14,926)
External revenue	213,885	46,129	1,602	10,676	3,550	275,842
Results						
Segment results	59	10,077	(324)	(2,928)	(4,675)	2,209
Interest income	887	157	-	-	180	1,224
Interest expense	(584)	(159)	-	(22)	(942)	(1,707)
Share of associates' loss	-	-	-	-	(565)	(565)
Share of joint venture's loss	-	-	-	-	(99)	(99)
Profit/(Loss) before tax	362	10,075	(324)	(2,950)	(6,101)	1,062
Tax expense	(2,085)	(2,714)	-	-	(551)	(5,350)
Profit/(Loss) for the financial year	(1,723)	7,361	(324)	(2,950)	(6,652)	(4,288)
Assets						
Segment assets	227,073	259,608	18,107	14,950	55,531	575,269
Investments in associates	-	-	-	-	11,058	11,058
Investment in joint venture	-	-	-	-	20,968	20,968
Income tax assets	1,427	1,978	134	30	2	3,571
Total assets	228,500	261,586	18,241	14,980	87,559	610,866
Liabilities						
Segment liabilities	25,652	13,878	55	9,387	16,427	65,399
Loans and borrowings	21,940	8,185	-	-	22,727	52,852
Lease liabilities	-	181	-	143	58	382
Income tax liabilities	8,707	45	-	-	950	9,702
Total liabilities	56,299	22,289	55	9,530	40,162	128,335

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

i) On 4 January 2023, the Company announced that its wholly-owned subsidiary, GUH Capital Sdn. Bhd., has completed the acquisition of 5,500 ordinary shares in Star Wheels Electronic Sdn. Bhd. ("SWE") and subscription of 5,000 new ordinary shares in SWE for a cash consideration of RM1,100,000.00 and RM1,000,000.00 respectively. As a result, SWE is a 70% owned subsidiary of the Company.

ii) On 31 January 2023, the Company announced that its indirect wholly-owned subsidiary, GUH eVehicle Sdn. Bhd. ("GUH eVehicle") has entered into a memorandum of understanding ("MOU") with Jiangsu Xinri International Trading Co., Ltd ("Xinri") which will appoint GUH eVehicle as its exclusive distributor/representative to market, promote, distribute, assemble, manufacture and sell electric motorbikes supplied by Xinri in Malaysia. The MOU shall remain in force from 1 February 2023 to 30 April 2024.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the year ended 31 December 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 year ended 31 December 2022 are as follows:

	31/12/2022 RM '000
Purchase of goods from other related parties (a)	16,625
Acquisition of property, plant and equipment from other related party (a)	227
Receiving of services from other related party (a)	233
Rental charged by other related party (a)	114
Rental charged to other related party (a)	181
Sale of goods to other related party (a)	4,367
Sale of development unit to other related party	<u>1,930</u>

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

13. Review of the Performance

Operating Segment	Current Year Quarter 31/12/2022	Preceding Year Quarter 31/12/2021	Changes	Current Year to Date 31/12/2022	Preceding Year to Date 31/12/2021	Changes
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue						
<u>Electronic</u>						
- Manufacture of printed circuit boards	47,805	52,676	(4,871)	213,885	210,910	2,975
<u>Properties</u>						
- Property development	13,037	28,986	(15,949)	46,129	46,759	(630)
- Cultivation of oil palm	375	277	98	1,602	1,708	(106)
<u>Utilities</u>						
- Water and wastewater treatment	1,844	5,219	(3,375)	10,676	16,815	(6,139)
Unallocated non-operating segments	924	1,226	(302)	3,550	2,604	946
Total	63,985	88,384	(24,399)	275,842	278,796	(2,954)
Profit/(Loss) before tax						
<u>Electronic</u>						
- Manufacture of printed circuit boards	(1,368)	2,309	(3,677)	362	8,072	(7,710)
<u>Properties</u>						
- Property development	3,025	6,548	(3,523)	10,075	9,901	174
- Cultivation of oil palm	(151)	(102)	(49)	(324)	(21)	(303)
<u>Utilities</u>						
- Water and wastewater treatment	(549)	(916)	367	(2,950)	(1,371)	(1,579)
Unallocated non-operating segments	(2,496)	4,833	(7,329)	(6,101)	1,477	(7,578)
Total	(1,539)	12,672	(14,211)	1,062	18,058	(16,996)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

a) Current Year Quarter vs Preceding Year Quarter

The Group recorded a loss before tax of RM 1.5 million for the current year quarter ended 31 December 2022 compared to a profit before tax of RM 12.7 million for the preceding year quarter mainly due to lower contribution from Electronic and Properties Divisions, reversal of amortisation of financial guarantee contract and absence of gain on disposal of associate.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 31 December 2022 compared to the preceding year quarter is as follows:

i) **Manufacture of printed circuit boards**

The loss before tax of RM 1.4 million was in contrast to a profit before tax of RM 2.3 million mainly due to lower contribution from Malaysia operation as a result of unfavourable sales mix and unfavourable foreign exchange.

ii) **Property development**

The profit before tax decreased to RM 3.0 million from RM 6.5 million in line with lower property units sold.

iii) **Cultivation of oil palm**

Loss before tax was almost the same at RM 0.1 million.

iv) **Water and wastewater treatment**

Loss before tax decreased to RM 0.5 million from RM 0.9 million mainly due to lower administrative expenses.

v) **Unallocated non-operating segments**

The loss before tax of RM 2.5 million was in contrast to a profit before tax of RM 4.8 million mainly due to reversal of amortisation of financial guarantee contract and absence of gain on disposal of associate.

b) Current Year to Date vs Preceding Year to Date

For the year ended 31 December 2022, the Group recorded a lower profit before tax of RM 1.1 million compared to RM 18.1 million for the preceding year to date mainly due to lower contribution from Electronic Division and Utilities Division, reversal of amortisation of financial guarantee contract and absence of gain on disposal of associate.

Detailed analysis of the performance of the Group's operating segments for the year ended 31 December 2022 compared to the preceding year to date is as follows:

i) **Manufacture of printed circuit boards**

Profit before tax decreased to RM 0.4 million from RM 8.1 million mainly due to lower contribution from Malaysia operation as a result of unfavourable sales mix and unfavourable foreign exchange.

ii) **Property development**

The profit before tax increased to RM 10.1 million from RM 9.9 million in line with higher property units sold.

iii) **Cultivation of oil palm**

The loss before tax increased to RM 0.32 million from RM 0.02 million mainly due to lower FFB output and loss on fair value on biological assets.

iv) **Water and wastewater treatment**

Loss before tax increased to RM 3.0 million from RM 1.4 million mainly due to lower percentage of completion for water projects.

v) **Unallocated non-operating segments**

The loss before tax of RM 6.1 million was in contrast to a profit before tax of RM 1.5 million mainly due to reversal of amortisation of financial guarantee contract and absence of gain on disposal of associate.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	Current Year Quarter 31/12/2022 RM'000	Immediate Preceding Quarter 30/09/2022 RM'000	Changes RM'000
Revenue	63,985	67,174	(3,189)
(Loss)/Profit Before Tax	(1,539)	262	(1,801)

As compared to the immediate preceding quarter, the Group's loss before tax of RM 1.5 million was in contrast to a profit before tax of RM 0.3 million mainly due to lower contribution from Electronic Divisions, reversal of amortisation of financial guarantee contract and loss on fair value adjustment of other investments.

15. Prospects for 2023

The global demands for electronic products are declining, hence, we foresee a 2023 will be a challenging year for the Electronic Division.

The Property Division will be launching new products in 2023, as the property market have improved post COVID-19.

The Utilities Division foresees 2023 will be a challenging year, as the market conditions remains competitive.

The Group foresees that 2023 will be a challenging year for the Electronic and Utilities Division.

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 31/12/2022						
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	-	5,876	-	1,844	-	7,720
Products transferred at a point in time	47,805	7,161	375	-	-	55,341
Income not within the scope of MFRS 15	-	-	-	-	924	924
	47,805	13,037	375	1,844	924	63,985

Current Year to Date 31/12/2022						
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	-	14,704	-	10,676	-	25,380
Products transferred at a point in time	213,885	31,425	1,602	-	-	246,912
Income not within the scope of MFRS 15	-	-	-	-	3,550	3,550
	213,885	46,129	1,602	10,676	3,550	275,842

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. (Loss)/Profit Before Tax

	Current Year Quarter 31/12/2022 RM'000	Current Year to Date 31/12/2022 RM'000
(Loss)/Profit before tax is arrived at after charging:		
- Interest expense	596	1,707
- Depreciation	3,688	15,316
- Impairment losses on financial assets	30	30
- Inventories written down	67	453
- Loss on foreign exchange - realised	571	152
- Loss on foreign exchange - unrealised	2,935	-
- Fair value losses on financial instruments	432	2,639
- Fair value changes in biological assets	94	79
- Reversal of amortisation of financial guarantee contract	1,282	-
and crediting:		
- Amortisation of financial guarantee contract	-	183
- Interest income	364	1,224
- Dividends income	51	101
- Gain on disposal of property, plant and equipment	41	76
- Gain on foreign exchange - unrealised	-	801
- Reversal of inventories written down	215	373

19. Taxation

Taxation comprises:

	Current Year Quarter 31/12/2022 RM '000	Current Year to Date 31/12/2022 RM '000
Income tax	(1,721)	(3,524)
Deferred tax	255	(1,826)
	<u>(1,466)</u>	<u>(5,350)</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 which were 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:

	2022 RM'000	2021 RM'000
Secured		
Short-term loans	3,351	2,215
Long-term loans	27,561	27,265
Unsecured		
Revolving credit	14,000	3,000
Trust receipts	7,940	3,575
	<u>52,852</u>	<u>36,055</u>
Disclosed as:-		
- Current liabilities	25,291	10,270
- Non-current liabilities	27,561	25,785
	<u>52,852</u>	<u>36,055</u>

The effective interest rates of loans and borrowings as at 31 December 2022 ranged from 4.06% to 5.96% (2021 : 1.28% to 4.26%) per annum.

Currency exposure profile of group borrowings and debt securities were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysia Ringgit	30,912	14,000	44,912
Unites States Dollar	-	7,940	7,940
	<u>30,912</u>	<u>21,940</u>	<u>52,852</u>

Compared to the year ended 31 December 2021, the Group's borrowings increased to RM 52.9 million from RM 36.1 million mainly due to increase in term loan, revolving credits and foreign currency trust receipts for working capital purposes.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Financial Instruments

a) Derivatives

The Group has entered into forward exchange contracts to hedge its foreign currency payables and borrowings from exposure to the fluctuations in foreign exchange rates.

The details of forward exchange contracts as at 31 December 2022 are as follows:

Forward Exchange Contract	Contract Value (RM'000)	Fair Value (RM'000)
US Dollar - Less than 1 year	3,971	9

The Group is not exposed to any significant credit, market and liquidity risks in respect of the above forward exchange contracts. In addition, there were no changes to the Group's financial risk management objective, its related policies and processes in the current year quarter and year ended 31 December 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 year ended 31 December 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

	31/12/2022 RM '000
Shares quoted in Malaysia - at fair value	6,043
Unquoted shares - at cost less impairment losses	-
	<u>6,043</u>

The fair values of quoted investments are directly measured using their unadjusted closing prices at 31 December 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 year ended 31 December 2022.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Material Litigation

There was no material litigation against the Group as at 31 December 2022 other than the following:

i) The Company's wholly-owned subsidiary, Teknoserv Engineering Sdn. Bhd. ("TESB"), previously initiated adjudication proceedings against JAKS Sdn. Bhd. and KACC Construction Sdn. Bhd. ("JKJV") under the Construction Industry Payment & Adjudication Act 2012 on 18 August 2022. The Adjudication Decision was delivered by the Learned Adjudicator on 23 December 2022 in favour of TESB wherein JKJV was ordered to pay TESB the following within 14 days from the award date (i.e., 6 January 2023):

1. Adjudicated sum of RM11,491,322.00;
2. Simple interest at the rate of 5% p.a. on the amount of RM2,221,694.23 from 10 August 2021; on the amount of RM8,994,785.07 from 23 November 2021; and on the amount of RM274,842.70 from the date of the Decision;
3. A sum of RM54,995.69 incurred by TESB on respect of adjudicator's fee and the Asian International Arbitration Centre's fees; and
4. JKJV shall pay to TESB a sum of RM120,000.00 as party and party costs.

As at 10 January 2023, JKJV has failed to make any payment to TESB on 6 January 2023. TESB has filed an Originating Summons in the Kuala Lumpur High Court to enforce the Adjudication Decision on a joint and several basis against JKJV.

On 17 February 2023, JKJV served the following documents in the Kuala Lumpur High Court to oppose the aforesaid Enforcement of Adjudication Decision filed by TESB:

1. Originating Summons in respect of the Setting Aside of Adjudication Decision;
2. Affidavit in Support in respect of the Setting Aside of Adjudication Decision;
3. Originating Summons in respect of the Stay of Adjudication Decision;
4. Affidavit in Support in respect of the Stay of Adjudication Decision.

ii) On 27 December 2022, the Company announced that TESB has also received a notice of arbitration from JKJV on 23 December 2022 claiming:

1. A declaration that Teknoserv Engineering Sdn. Bhd.'s self-determination of its employment is wrong and unlawful;
2. General damages arising from the alleged wrongful termination and unlawful self-determination;
3. Loss and damage amounting to RM11,773,250.00;
4. Costs and disbursements;
5. Pre-award and post-award interest; and
6. Other reliefs the learned arbitrator deems just and appropriate.

TESB has served the Arbitration Response on 20 January 2023. In essence, TESB's position is that it had performed all of its obligations in accordance with the Sub-Contract Agreement, and that its determination of the Sub-Contract is valid, justifiable and rightful. Consequently, JKJV is not entitled to the reliefs sought in the Notice of Arbitration. In addition, TESB is not agreeable to the arbitrator proposed by JKJV. TESB proposes that JKJV makes an application to the Director of AIAC for the appointment of a sole arbitrator in accordance with the rules of the AIAC Arbitration Rules 2021.

24. Proposed Dividend

No dividend has been proposed or declared for the current year year ended 31 December 2022.

25. Earnings Per Share

(a) Basic EPS

	Current Year Quarter 31/12/2022	Current Year to Date 31/12/2022
Loss attributable to owners of the Company (RM '000)	(3,003)	(4,282)
Number of ordinary shares in issue at the beginning of the period ('000)	280,156	277,789
Effect of share grant issued ('000)	-	1,972
Weighted average number of ordinary shares in issue ('000)	280,156	279,761
Basic loss per share (sen)	(1.07)	(1.53)

(b) Diluted EPS

	Current Year Quarter 31/12/2022	Current Year to Date 31/12/2022
Loss attributable to owners of the Company (RM '000)	(3,003)	(4,282)
Number of ordinary shares in issue at the beginning of the period ('000)	280,156	277,789
Effect of share grant issued ('000)	-	1,972
Effect of dilution of share grants ('000)	1,234	2,137
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	281,390	281,898
Diluted loss per share (sen)	(1.07)	(1.53)

26. Authorisation for Issue

The Board of Directors authorised the issue of this unaudited interim financial report on 20 February 2023.