

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2023 RM '000	PRECEDING YEAR QUARTER 30/09/2022 RM '000	CURRENT YEAR TO DATE 30/09/2023 RM '000	PRECEDING YEAR TO DATE 30/09/2022 RM '000
Revenue	68,052	67,174	179,365	211,857
Interest income	568	311	1,483	860
Operating expenses	(63,233)	(69,611)	(183,267)	(215,356)
Other income	999	2,973	6,621	6,566
Finance costs	(766)	(480)	(1,966)	(1,111)
Share of associates' profit/(loss)	11	(74)	(1,960)	(137)
Share of joint venture's loss	(40)	(31)	(112)	(78)
Profit before tax (Note 18)	5,591	262	164	2,601
Tax expense	(1,056)	(1,475)	(1,715)	(3,884)
Profit/(Loss) for the period	4,535	(1,213)	(1,551)	(1,283)
Profit/(Loss) for the period attributable to:				
Owners of the Company	4,645	(1,211)	(1,427)	(1,279)
Non-controlling interests	(110)	(2)	(124)	(4)
	4,535	(1,213)	(1,551)	(1,283)
Earnings/(Loss) per share (sen):				
(a) Basic	1.65	(0.43)	(0.51)	(0.46)
(b) Diluted	1.65	(0.43)	(0.51)	(0.46)

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2023 RM '000	PRECEDING YEAR QUARTER 30/09/2022 RM '000	CURRENT YEAR TO DATE 30/09/2023 RM '000	PRECEDING YEAR TO DATE 30/09/2022 RM '000
Profit/(Loss) for the period	4,535	(1,213)	(1,551)	(1,283)
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
- Currency translation differences for foreign operations	22	(885)	306	(838)
- Share of associate's other comprehensive income	(309)	(97)	242	(199)
- Remeasurement of defined benefit asset	-	-	765	-
Total other comprehensive income for the period	(287)	(982)	1,313	(1,037)
Comprehensive income for the period	4,248	(2,195)	(238)	(2,320)
Comprehensive income for the period attributable to:				
Owners of the Company	4,358	(2,193)	(114)	(2,316)
Non-controlling interests	(110)	(2)	(124)	(4)
	4,248	(2,195)	(238)	(2,320)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	AS AT 30/09/2023 RM '000	AS AT 31/12/2022 RM '000
Non-Current Assets		
Property, Plant and Equipment	103,312	104,994
Investment Properties	39,182	39,907
Right-of-use Assets	24,726	24,606
Investments in Associates	10,424	11,058
Investment in Joint Venture	20,856	20,968
Other Investments	3,826	6,043
Inventories	161,768	167,459
Prepayments	1,268	1,393
Provisional Goodwill	1,321	-
Deferred Tax Assets	818	962
	<u>367,501</u>	<u>377,390</u>
Current Assets		
Inventories	91,269	94,617
Biological Assets	84	146
Contract Costs	1,096	372
Contract Assets	9,132	5,698
Receivables	45,698	38,291
Derivatives	-	9
Prepayments	10,020	1,405
Current Tax Assets	3,437	2,609
Cash and Cash Equivalents	83,842	90,329
	<u>244,578</u>	<u>233,476</u>
Current Liabilities		
Contract Liabilities	6,138	5,555
Derivatives	145	-
Payables	45,690	46,513
Loans and Borrowings	22,699	25,291
Lease Liabilities	140	215
Financial Guarantee Contract	4,507	4,507
Current Tax Liabilities	1,570	1,470
	<u>80,889</u>	<u>83,551</u>
Net Current Assets	163,689	149,925
Non-Current Liabilities		
Deferred Tax Liabilities	8,021	8,232
Deferred Income	692	-
Loans and Borrowings	32,292	27,561
Lease Liabilities	871	167
Retirement Benefits	6,428	8,824
	<u>48,304</u>	<u>44,784</u>
Net Assets	482,886	482,531
Equity		
Share Capital	279,596	279,084
Treasury Shares	-	(148)
Reserves	203,103	203,620
Equity Attributable to Owners of the Company	482,699	482,556
Non-controlling Interests	187	(25)
Total Equity	482,886	482,531
Net Assets per Share Attributable to Owners of the Company (RM)	1.72	1.72

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	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 01/01/2023	279,084	(148)	991	13,960	38,615	150,054	482,556	(25)	482,531
Acquisition of subsidiary	-	-	-	-	-	-	-	336	336
Currency translation differences for foreign operations	-	-	-	-	306	-	306	-	306
Share of associate's other comprehensive income	-	-	-	-	242	-	242	-	242
Remeasurement of defined benefit asset	-	-	-	-	-	765	765	-	765
Total other comprehensive income for the period	-	-	-	-	548	765	1,313	-	1,313
Loss for the period	-	-	-	-	-	(1,427)	(1,427)	(124)	(1,551)
Comprehensive income for the period	-	-	-	-	548	(662)	(114)	(124)	(238)
Disposal of treasury shares	-	148	-	-	-	(86)	62	-	62
Share-based payments	-	-	195	-	-	-	195	-	195
Issue of shares pursuant to Share Grant Plan	512	-	(512)	-	-	-	-	-	-
Total transactions with owners	512	148	(317)	-	-	(86)	257	-	257
At 30/09/2023	279,596	-	674	13,960	39,163	149,306	482,699	187	482,886
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 income	-	-	-	-	(199)	-	(199)	-	(199)
Total other comprehensive income for the period	-	-	-	-	(1,037)	-	(1,037)	-	(1,037)
Loss for the period	-	-	-	-	-	(1,279)	(1,279)	(4)	(1,283)
Comprehensive income for the period	-	-	-	-	(1,037)	(1,279)	(2,316)	(4)	(2,320)
Share-based payments	-	-	323	-	-	-	323	-	323
Issue of shares pursuant to Share Grant Plan	1,092	-	(1,092)	-	-	-	-	-	-
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

* 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 2022)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

	CURRENT YEAR TO DATE 30/09/2023 RM '000	PRECEDING YEAR TO DATE 30/09/2022 RM '000
Cash flows from operating activities		
Profit before tax	164	2,601
Adjustments for:		
Amortisation of financial guarantee contract	-	(1,465)
Amortisation of deferred income	(164)	-
Depreciation	11,679	11,628
Dividend income	(48)	(50)
Fair value changes in biological assets	62	(15)
Fair value (gains)/losses on financial instruments	(1,921)	2,207
Interest expense	1,966	1,111
Interest income	(1,483)	(860)
Inventories written down	306	386
Loss/(Gain) on disposal of property, plant and equipment	90	(35)
Provision for retirement benefits	(1,631)	581
Property, plant and equipment written off	10	-
Reversal of inventories written down	(5,503)	(158)
Share of associates' loss	1,960	137
Share of joint venture's loss	112	78
Share-based payments	195	323
Unrealised gain on foreign exchange	(2,438)	(3,736)
Operating profit before working capital changes	3,356	12,733
Changes in:		
Contract costs	(724)	(432)
Contract assets	(3,434)	1,247
Deferred income	856	-
Derivatives	9	-
Inventories	14,537	3,941
Receivables	(5,650)	(4,047)
Prepayments	(8,424)	211
Contract liabilities	583	(1,762)
Payables	(1,962)	(1,395)
Cash (absorbed by)/generated from operations	(853)	10,496
Tax paid	(2,729)	(6,527)
Tax refunded	148	23
	(2,581)	(6,504)
Net cash (used in)/from operating activities	(3,434)	3,992
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,075)	(12,765)
Acquisition of right-of-use assets	(83)	-
Acquisition of subsidiary, net of cash acquired	(1,089)	-
Additions of investment properties	-	(2,693)
Additions of other investments	-	(8,728)
Dividend received	48	71
Interest and fund distributions received	1,510	860
Proceeds from disposal of other investments	4,256	-
Proceeds from disposal of property, plant and equipment	168	115
Proceeds from disposal of treasury shares	62	-
Subscription for shares in associate	(1,084)	(280)
Net cash used in investing activities	(4,287)	(23,420)
Cash flows from financing activities		
Drawdown of term loans	4,624	2,493
(Decrease)/Increase in short-term loans and borrowings (net)	(575)	14,242
Interest paid	(1,978)	(1,160)
Payment of lease liabilities	(212)	(221)
Repayment of term loans	(2,022)	(985)
Net cash (used in)/from financing activities	(163)	14,369
Currency translation differences	1,397	1,866
Net decrease in cash and cash equivalents	(6,487)	(3,193)
Cash and cash equivalents brought forward	90,309	83,942
Cash and cash equivalents carried forward	83,822	80,749
Note:		
Cash and cash equivalents	83,842	80,769
Term deposits pledged as security	(20)	(20)
	83,822	80,749

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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 2022.

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 2022 except for the adoption of the following MFRS:

	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2023.

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 2023.

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 2023 other than the following:

a) Share Grant Plan

On 10 April 2023, the Company announced that it has granted and vested 1,088,939 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 RM0.47 per share.

b) Treasury Shares

On 19 June 2023, the Company resold 115,264 ordinary shares of its shares from the open market for a total consideration of approximately RM 0.06 million. These shares were being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

c) Bonus Issue of Warrants

On 3 July 2023, 140,676,879 Warrants issued pursuant to a bonus issue of Warrants on the basis of 1 Warrant for every 2 existing ordinary shares in the Company ("Proposed Bonus Issue of Warrants") were listed and quoted on the Main Market of Bursa Securities, marking the completion of the Proposed Bonus Issue of Warrants.

As at 30 September 2023, there is no conversion of warrants to ordinary shares.

7. Dividend Paid

No dividend was paid during the current year quarter and period ended 30 September 2023.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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	141,176	23,876	585	13,501	7,801	186,939
Intersegment revenue	(20)	-	-	(3,141)	(4,413)	(7,574)
External revenue	141,156	23,876	585	10,360	3,388	179,365
Results						
Segment results	(4,720)	5,962	(678)	3,826	(1,671)	2,719
Interest income	1,002	286	-	15	180	1,483
Interest expense	(754)	(382)	-	(26)	(804)	(1,966)
Share of associates' loss	-	-	-	-	(1,960)	(1,960)
Share of joint venture's loss	-	-	-	-	(112)	(112)
(Loss)/Profit before tax	(4,472)	5,866	(678)	3,815	(4,367)	164
Tax income/(expense)	167	(1,429)	-	-	(453)	(1,715)
(Loss)/Profit for the period	(4,305)	4,437	(678)	3,815	(4,820)	(1,551)
Assets						
Segment assets	216,470	266,742	17,918	19,308	56,106	576,544
Investments in associates	-	-	-	-	10,424	10,424
Investment in joint venture	-	-	-	-	20,856	20,856
Income tax assets	2,680	1,533	25	5	12	4,255
Total assets	219,150	268,275	17,943	19,313	87,398	612,079
Liabilities						
Segment liabilities	26,080	13,862	64	9,211	14,383	63,600
Loans and borrowings	21,365	12,344	-	-	21,282	54,991
Lease liabilities	-	158	-	118	735	1,011
Income tax liabilities	8,558	45	-	-	988	9,591
Total liabilities	56,003	26,409	64	9,329	37,388	129,193

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

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 10 November 2023, the Company announced that GUH Capital Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a Cooperation Agreement with Shenzhen Xixin Electronic Technology Co., Ltd. to jointly establish a battery assembly plant to provide high quality lithium battery products and services for the market outside China.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period ended 30 September 2023 other than the following:

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.

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 2023 are as follows:

	30/09/2023 RM '000
Purchase of goods from other related parties (a)	9,694
Acquisition of property, plant and equipment from other related parties (a)	79
Receiving of services from other related parties (a)	182
Rental charged by other related party (a)	85
Rental charged to other related party (a)	136
Sale of goods to other related party (a)	2,758
Rendering of services to joint venture	425
Subscription of shares in associate	1,084

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

13. Review of the Performance

Operating Segment	Current Year Quarter 30/09/2023 RM '000	Preceding Year Quarter 30/09/2022 RM '000	Changes RM '000	Current Year To Date 30/09/2023 RM '000	Preceding Year To Date 30/09/2022 RM '000	Changes RM '000
Revenue						
Electronic						
- Manufacture of printed circuit boards	46,296	51,133	(4,837)	141,156	166,080	(24,924)
Properties						
- Property development	12,293	11,189	1,104	23,876	33,092	(9,216)
- Cultivation of oil palm	95	333	(238)	585	1,227	(642)
Utilities						
- Water and wastewater treatment	8,266	3,629	4,637	10,360	8,832	1,528
Unallocated non-operating segments	1,102	890	212	3,388	2,626	762
Total	68,052	67,174	878	179,365	211,857	(32,492)
(Loss)/Profit before tax						
Electronic						
- Manufacture of printed circuit boards	(1,053)	(1,820)	767	(4,472)	1,730	(6,202)
Properties						
- Property development	3,736	2,555	1,181	5,866	7,050	(1,184)
- Cultivation of oil palm	(325)	(78)	(247)	(678)	(173)	(505)
Utilities						
- Water and wastewater treatment	4,359	(717)	5,076	3,815	(2,401)	6,216
Unallocated non-operating segments	(1,126)	322	(1,448)	(4,367)	(3,605)	(762)
Total	5,591	262	5,329	164	2,601	(2,437)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

13. Review of the Performance (cont'd)

a) Current Year Quarter vs Preceding Year Quarter

The Group recorded a profit before tax of RM 5.6 million for the current year quarter ended 30 September 2023 compared to a profit before tax of RM 0.3 million for the preceding year quarter mainly due to higher contribution from Utilities and Properties Divisions.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 30 September 2023 compared to the preceding year quarter is as follows:

i) Manufacture of printed circuit boards

The loss before tax decreased to RM 1.1 million from RM 1.8 million mainly due to decrease in losses from oversea operation which was partly offset by lower contribution from Malaysia operation as a result of lower foreign exchange income in current year quarter.

ii) Property development

The profit before tax increased to RM 3.7 million from RM 2.6 million in line with higher property units sold.

iii) Cultivation of oil palm

The loss before tax increased to RM 0.3 million from RM 0.08 million mainly due to lower FFB output and CPO prices.

iv) Water and wastewater treatment

The profit before tax of RM 4.4 million was in contrast to a loss before tax of RM 0.7 million mainly due to higher revenue for water projects coupled with lower administrative expenses.

v) Unallocated non-operating segments

The loss before tax of RM 1.1 million was in contrast to a profit before tax of RM 0.3 million mainly due to loss on fair value adjustment of other investments and absence of amortisation of financial guarantee contract in current year quarter.

b) Current Year To Date vs Preceding Year To Date

The Group recorded a lower profit before tax of RM 0.2 million for the period ended 30 September 2023 compared to a profit before tax of RM 2.6 million for the preceding year to date mainly due to negative contribution from Electronic and lower contribution from Properties Divisions which was partly offset by positive contribution from Utilities Division.

Detailed analysis of the performance of the Group's operating segments for the period ended 30 September 2023 compared to the preceding year to date is as follows:

i) Manufacture of printed circuit boards

The loss before tax of RM 4.5 million was in contrast to a profit before tax of RM 1.7 million mainly due to lower contribution from Malaysia operation as a result of unfavourable sales mix and foreign exchange coupled with higher utility cost following electricity tariff hike effective January 2023.

ii) Property development

The profit before tax decreased to RM 5.9 million from RM 7.1 million in line with lower property units sold.

iii) Cultivation of oil palm

The loss before tax increased to RM 0.7 million from RM 0.2 million mainly due to lower FFB output and CPO prices.

iv) Water and wastewater treatment

The profit before tax increased to RM 3.8 million was in contrast to a loss before tax of RM 2.4 million mainly due to higher revenue for water projects coupled with lower administrative expenses.

v) Unallocated non-operating segments

The loss before tax increased to RM 4.4 million from RM 3.6 million mainly due to share of associates' loss and absence of amortisation of financial guarantee contract in current year to date partly offset by gain on fair value adjustment of other investments.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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

	Current Year Quarter 30/09/2023	Immediate Preceding Quarter 30/06/2023	Changes
	RM'000	RM'000	RM'000
Revenue	68,052	56,860	11,192
Profit/(Loss) Before Tax	5,591	(2,238)	7,829

As compared to the immediate preceding quarter, the Group's profit before tax increased to RM 5.6 million was in contrast to a loss before tax of RM 2.2 million mainly due to higher contribution from Utilities and Properties Divisions coupled with share of associates' profit.

15. **Prospects for 2023**

Based on latest news from World Semiconductor Trade Statistics, the Global Semiconductor Market is predicted to experience a downturn of 10.3 percent in 2023. Hence, the Electronic Division is expected to face continued headwinds for the remainder of the year.

The performance of Property Division to improve in tandem with new launched products in second half of 2023.

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 30/09/2023						
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	Other Income RM '000	
Timing of revenue recognition						
Services transferred over time	-	12,298	-	8,266	-	20,564
Products transferred at a point in time	46,296	(5)	95	-	-	46,386
Income not within the scope of MFRS 15	-	-	-	-	1,102	1,102
	46,296	12,293	95	8,266	1,102	68,052

Current Year To Date 30/09/2023						
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	Other Income RM '000	
Timing of revenue recognition						
Services transferred over time	-	21,605	-	10,360	-	31,965
Products transferred at a point in time	141,156	2,271	585	-	-	144,012
Income not within the scope of MFRS 15	-	-	-	-	3,388	3,388
	141,156	23,876	585	10,360	3,388	179,365

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

18. Profit/(Loss) Before Tax

	Current Year Quarter 30/09/2023 RM'000	Current Year To Date 30/09/2023 RM'000
Loss before tax is arrived at after charging:		
- Interest expense	766	1,966
- Depreciation	3,916	11,679
- Inventories written down	157	306
- Loss on disposal of property, plant and equipment	-	90
- Property, plant and equipment written off	-	10
- Fair value changes in biological assets	-	62
and crediting:		
- Amortisation of deferred income	21	164
- Interest income	568	1,483
- Dividend income	10	48
- Gain on disposal of property, plant and equipment	30	-
- Gain on foreign exchange - realised	164	419
- Gain on foreign exchange - unrealised	13	2,438
- Fair value gains on financial instruments	324	1,921
- Fair value changes in biological assets	7	-
- Reversal of inventories written down	10	5,503

19. Taxation

Taxation comprises:

	Current Year Quarter 30/09/2023 RM '000	Current Year To Date 30/09/2023 RM '000
Income tax	(1,148)	(1,782)
Deferred tax	92	67
	<u>(1,056)</u>	<u>(1,715)</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 tax incentive by certain subsidiary.

20. Status of Corporate Proposals

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

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

21. Group Borrowings and Debt Securities

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

	As at 30/09/2023 RM'000	As at 30/09/2022 RM'000
Secured		
Short-term loans	1,334	484
Long-term loans	32,292	28,278
Unsecured		
Banker Acceptance	-	108
Revolving credit	11,000	9,000
Trust receipts	10,365	13,925
	<u>54,991</u>	<u>51,795</u>
Disclosed as:-		
- Current liabilities	22,699	23,517
- Non-current liabilities	32,292	28,278
	<u>54,991</u>	<u>51,795</u>

The effective interest rates of loans and borrowings as at 30 September 2023 ranged from 3.50% to 6.67% (30 September 2022 : 3.49% to 4.81%) 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	33,626	11,000	44,626
Unites States Dollar	-	10,365	10,365
	<u>33,626</u>	<u>21,365</u>	<u>54,991</u>

Compared to the period ended 30 September 2022, the Group's borrowings increased to RM 55.0 million from RM 51.8 million mainly due to increase in term loans and revolving credits partially offset by foreign currency trust receipts and banker acceptance for working capital purposes.

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 30 September 2023 are as follows:

Forward Exchange Contracts	Contract Value RM'000	Fair Value RM'000
US Dollar		
- Less than 1 year	13,468	145

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 period ended 30 September 2023.

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 2023.

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

	30/09/2023 RM '000
Shares quoted in Malaysia - at fair value	<u>3,826</u>

The fair values of quoted investments are directly measured using their unadjusted closing prices at 30 September 2023 in active markets (i.e. Level 1).

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

22. Financial Instruments (cont'd)

c) Fair Value (cont'd)

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 2023.

23. Material Litigation

There was no material litigation against the Group as at 30 September 2023 other than the following:

a) Adjudication between Teknoserv Engineering Sdn Bhd ("TESB") against JAKS Sdn Bhd and KACC Construction Sdn Bhd

Our Company's wholly-owned subsidiary, TESB previously initiated adjudication proceedings against the unincorporated joint venture known as "JKJV" (whose members comprise JAKS Sdn Bhd and KACC Construction Sdn Bhd) 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):

- i) adjudicated sum of RM11,491,322.00;
 - ii) simple interest at the rate of 5% per annum on the amount of:
 - a. RM2,221,694.23 from 10 August 2021;
 - b. RM8,994,785.07 from 23 November 2021; and
 - c. RM274,842.70 from the date of the adjudication decision;
 - iii) a sum of RM54,995.69 incurred by TESB on respect of adjudicator's fee and the Asian International Arbitration Centre's fees; and
 - iv) JKJV shall pay to TESB a sum of RM120,000.00 as party and party costs.
- (collectively referred to as the "Adjudication Decision")

As at 10 January 2023, JKJV has failed to make any payment to TESB pursuant to the Adjudication Decision despite the fact that the deadline to do so had lapsed. Consequently, TESB has filed an Originating Summons in the Kuala Lumpur High Court to enforce the Adjudication Decision on a joint and several basis against members of JKJV ("Enforcement of the Adjudication Decision").

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

- i) Originating Summons in respect of the Setting Aside of Adjudication Decision;
- ii) Affidavit in Support in respect of the Setting Aside of Adjudication Decision;
- iii) Originating Summons in respect of the Stay of Adjudication Decision; and
- iv) Affidavit in Support in respect of the Stay of Adjudication Decision.

Subsequently, pursuant to the directions of the court, TESB has duly filed the Affidavit in Reply in the Kuala Lumpur High Court in respect of the Enforcement of Adjudication Decision.

b) Application by JKJV to set aside and stay the Adjudication Decision

JKJV had filed on 16 February 2023 the following applications:

- i) Application to stay the execution of the Adjudication Decision; and
- ii) Application to set aside the Adjudication Decision.

TESB will be contesting the said applications and has filed its Affidavit in Reply on 15 March 2023 in respect of the same.

The said applications by JKJV and the application to enforce the Adjudication Decision by TESB have been fixed for hearing on 25 August 2023.

c) Arbitration between JKJV and TESB

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

- i) a declaration that TESB's self-determination of its employment is wrong and unlawful;
 - ii) general damages arising from the alleged wrongful termination and unlawful self-determination;
 - iii) loss and damage amounting to RM11,773,250.00;
 - iv) costs and disbursements;
 - v) pre-award and post-award interest; and
 - vi) other reliefs the learned arbitrator deems just and appropriate.
- (collectively referred to as "Notice of Arbitration")

TESB has served its response to the Notice of Arbitration 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 Agreement is valid, justifiable and rightful. Consequently, JKJV is not entitled to the reliefs sought in the Notice of Arbitration. In addition, as TESB is not agreeable to the arbitrator proposed by JKJV, TESB proposes that JKJV makes an application to the Director of Asian International Arbitration Centre ("AIAC") for the appointment of a sole arbitrator in accordance with the rules of the AIAC Arbitration Rules 2021.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

23. Material Litigation (cont'd)

d) Settlement out of court between JKJV and TESB

On 3 July 2023, JKJV and TESB have agreed to mutually settle amicably all claims and disputes whereby TESB shall withdraw and/or discontinue the Adjudication and the Enforcement Application whereas JKJV shall withdraw and/or discontinue the Stay Application, Setting Adise Application and the Arbitration Proceedings, subject to the following salient terms of the Settlement Agreement:

i) JKJV shall jointly and/or severally pay to TESB the sum of RM9,071,098.78 ("the Settlement Sum") by seven (7) instalment basis with the last and final instalment which shall be paid on or before 31 December 2023 as full and final settlement of all claims and disputes, whether past, present or contingent between the Parties, arising from or out of or that may arise from and/or in connection thereof.

ii) The entire Settlement Sum shall become immediately due and payable by JKJV to TESB should there be any default in the payment of any one of the instalment payments. JKJV shall pay late interest payment at the rate of 8% per annum from due date of payment to the date of full settlement thereof.

iii) The Parties have agreed to a mutual termination of the Contract effective from 5 July 2021 upon the execution of the Settlement Agreement and save for the payment of the Settlement Sum by JKJV to TESB, all and each of the Parties shall be fully and completely discharged and released from any further performance of the Sub-Contract and from all obligations and liabilities under and/or arising from the Sub-Contract and/or the Project. None of the Parties shall have any or further claim(s) or cause(s) of action of whatsoever kind, whether in law or in equity, whether known or unknown, whether jointly or separately, against the other or any Party hereto in connection therewith.

iv) JKJV shall upon the execution of the Settlement Agreement issue to TESB a Final Payment Certificate acceptable to TESB for the final balance payment sum of RM9,071,098.78.

Barring any unforeseen circumstances, the proposed settlement is expected to be completed by the quarter ending 31 December 2023.

24. Proposed Dividend

No dividend has been proposed or declared for the current year quarter ended 30 September 2023.

25. Earnings Per Share

	Current Year Quarter 30/09/2023	Current Year To Date 30/09/2023
Profit/(Loss) for the period attributable to owners of the Company (RM '000)	4,645	(1,427)
Number of shares in issue at the beginning of the period ('000)	281,360	280,156
Effect of shares issued pursuant to Share Grant Plan ("SGP") ('000)	-	726
Effect of disposal of treasury shares ('000)	-	51
Weighted average number of shares for computing basic loss per share ('000)	281,360	280,933
Number of shares under SGP deemed to have been issued for no consideration ('000)	1,134	1,459
Weighted average number of shares for computing diluted loss per share ('000)	282,494	282,392
Basic earning/(loss) per share (sen)	1.65	(0.51)
Diluted earning/(loss) per share (sen)	*	(0.51)

* The diluted loss per share equals the basic loss per share due to the anti-dilutive effect of the shares under the Company's existing warrants and SGP which have been ignored in calculating the diluted loss per share.

26. Authorisation for Issue

The Board of Directors authorised the issue of this unaudited interim financial report on 28 November 2023.