

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
 Stock name : WASEONG
 Financial Period Ended : 30 September 2022
 Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2021 Unaudited RM'000	Current Period To-date Ended 30 September 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2021 Unaudited RM'000
Gross revenue	695,991	303,799	1,891,882	974,096
Cost of sales	(602,704)	(269,180)	(1,595,284)	(851,899)
Gross profit	93,287	34,619	296,598	122,197
Other operating income	22,688	15,679	65,086	54,259
Selling and distribution expenses	(10,475)	(7,816)	(28,572)	(22,164)
Administrative and general expenses	(65,188)	(35,600)	(161,410)	(116,368)
Reversal of impairment loss on non-financial assets	2,832	-	-	-
(Impairment loss)/reversal on financial assets	(2,324)	(970)	(2,022)	34
Other gain/(losses) - net	219	172	(244)	(2,429)
Finance costs	(11,174)	(7,874)	(28,635)	(24,848)
Share of results of associates and joint ventures	(2,123)	(197)	(18,185)	4,752
Profit/(Loss) before tax	27,742	(1,987)	122,616	15,433
Tax expense	(2,708)	(3,358)	(37,148)	(10,821)
Net profit/(loss) for the financial period	25,034	(5,345)	85,468	4,612
Net profit/(loss) attributable to:				
- Owners of the Company	19,567	(5,941)	41,943	4,597
- Non-controlling interests	5,467	596	43,525	15
	25,034	(5,345)	85,468	4,612
Earnings per share				
- Basic earnings per share (sen)	2.53	(0.77)	5.42	0.59
- Diluted earnings per share (sen)	2.53	(0.77)	5.42	0.59

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

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2021 Unaudited RM'000	Current Period To-date Ended 30 September 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2021 Unaudited RM'000
Net profit/(loss) for the financial period	25,034	(5,345)	85,468	4,612
Other comprehensive income/(expense), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	7,407	(2,714)	9,491	(729)
Share of other comprehensive income/(expense) of an associate, net of tax	-	-	-	116
	<u>7,407</u>	<u>(2,714)</u>	<u>9,491</u>	<u>(613)</u>
Total comprehensive income/(expense) for the financial period	32,441	(8,059)	94,959	3,999
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	25,658	(8,795)	49,244	3,855
- Non-controlling interests	6,783	736	45,715	144
	<u>32,441</u>	<u>(8,059)</u>	<u>94,959</u>	<u>3,999</u>

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

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	497,188	434,774
Right-of-use assets	242,191	262,891
Investment properties	5,433	5,600
Goodwill and other intangible assets	159,475	146,337
Deferred tax assets	45,718	37,447
Investment in associates	155,287	181,598
Investment in joint ventures	46,069	53,938
Trade and other receivables	5,016	4,971
Amounts owing by associates	22,555	20,276
Amounts owing by joint ventures	31,681	28,910
Contract assets	17,079	44,330
	<u>1,227,692</u>	<u>1,221,072</u>
Current Assets		
Inventories	243,485	177,962
Contract assets	375,317	198,149
Trade and other receivables	586,427	340,803
Amounts owing by associates	77	48
Amounts owing by joint ventures	194	180
Tax recoverable	7,392	6,210
Derivative financial assets	4,278	135
Time deposits	51,547	105,920
Cash and bank balances	309,196	136,053
	<u>1,577,913</u>	<u>965,460</u>
Assets classified as held for sale	<u>16,171</u>	<u>44,909</u>
TOTAL ASSETS	<u>2,821,776</u>	<u>2,231,441</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(624)	(624)
Exchange translation reserves	17,856	10,555
Retained profits	72,825	30,882
Equity attributable to owners of the Company	<u>637,747</u>	<u>588,503</u>
Non-controlling interests	95,377	49,658
TOTAL EQUITY	<u>733,124</u>	<u>638,161</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 September 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	8,718	9,506
Lease liabilities	223,163	223,142
Trade and other payables	29,711	25,065
Loans and borrowings	89,974	105,243
	<u>351,566</u>	<u>362,956</u>
Current Liabilities		
Lease liabilities	18,802	19,925
Contract liabilities	297,503	133,314
Trade and other payables	640,640	363,412
Provision for warranties	21,007	12,438
Amounts owing to joint ventures	4,441	1,610
Loans and borrowings	667,203	649,151
Dividend payable	17,484	19,875
Current tax liabilities	65,066	30,066
Derivative financial liabilities	4,940	533
	<u>1,737,086</u>	<u>1,230,324</u>
TOTAL LIABILITIES	<u>2,088,652</u>	<u>1,593,280</u>
TOTAL EQUITY AND LIABILITIES	<u>2,821,776</u>	<u>2,231,441</u>

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

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2022	547,690	(624)	10,555	30,882	588,503	49,658	638,161
Net profit for the financial period	-	-	-	41,943	41,943	43,525	85,468
Other comprehensive income for the financial period	-	-	7,301	-	7,301	2,190	9,491
Total comprehensive income for the financial period	-	-	7,301	41,943	49,244	45,715	94,959
Dividend paid/payable to non-controlling interests	-	-	-	-	-	(488)	(488)
Total contributions by and distributions to owners	-	-	-	-	-	(488)	(488)
Acquisition of a subsidiary	-	-	-	-	-	492	492
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	492	492
At 30 September 2022	547,690	(624)	17,856	72,825	637,747	95,377	733,124

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2021	547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net profit for the financial period	-	-	-	4,597	4,597	15	4,612
Other comprehensive (expense)/income for the financial period	-	-	(742)	-	(742)	129	(613)
Total comprehensive (expense)/income for the financial period	-	-	(742)	4,597	3,855	144	3,999
Incorporation of a subsidiary	-	-	-	-	-	99	99
Acquisition of shares in existing subsidiary from non- controlling interests	-	-	-	(3,309)	(3,309)	3,309	-
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	(3,309)	(3,309)	3,408	99
At 30 September 2021	547,690	(624)	13,554	143,651	704,271	53,390	757,661

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 September 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2021 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	122,616	15,433
Adjustments for non-operating items:		
Depreciation and amortisation	55,051	44,315
Other non-cash items	(3,505)	(24,260)
Interest expense	28,635	24,848
Interest income	(2,508)	(2,519)
Operating profit before changes in working capital	200,289	57,817
Changes in working capital:		
Net changes in current assets	(405,136)	8,597
Net changes in current liabilities	408,295	138,382
Cash generated from operations	203,448	204,796
Interest received	2,508	2,519
Interest paid	(28,635)	(24,848)
Tax paid	(13,918)	(8,268)
Net cash generated from operating activities	163,403	174,199
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,622)	(59,318)
Purchase of investment properties	-	(44)
Additional investment in an associate	-	(13,500)
Additional investment in joint venture	-	(30)
Subscription of shares in subsidiary by non-controlling interest	492	-
Proceeds from disposal of property, plant and equipment	472	1,279
Proceeds from disposal of assets held for sale	10,568	26,287
Proceeds from disposal of an associate	30,800	-
Transfer from deposits and short term investment	-	493
Dividends received from associates	1,817	3,605
Dividends received from joint venture	963	-
Net amount to associates	-	(1,536)
Net amount from joint venture	434	-
Net cash generated from investing activities	5,924	(42,764)
Cash flows from financing activities		
Drawdown of other bank borrowings	547,812	327,628
Repayments of other bank borrowings	(505,376)	(424,750)
Drawdown of term loans	-	11,379
Repayment of term loans	(83,113)	(72,604)
Principal elements of lease payments	(16,977)	(9,493)
Dividend paid to non-controlling interests	(2,988)	(2,500)
Net cash used in financing activities	(60,642)	(170,340)
Net changes in cash and cash equivalents	108,685	(38,905)
Currency translation differences	10,083	2,544
Cash and cash equivalents at beginning of the financial period	218,153	215,526
Cash and cash equivalents at end of the financial period	336,921	179,165

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 September 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2021 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	51,547	57,464
Cash and bank balances	309,196	145,213
Subtotal	360,743	202,677
Less:		
Short term investments	-	(642)
Time deposits with maturity more than 3 months	(23,822)	(22,870)
	<u>336,921</u>	<u>179,165</u>

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

Company name : WAH SEONG CORPORATION BERHAD
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NOTES TO INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial statements are in compliance with IAS 34 “Interim Financial Reporting”.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2021.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board but are not yet effective to the Group:

Effective from financial year beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective from financial year beginning on or after 1 January 2023

Amendments to MFRS 101	<ul style="list-style-type: none"> Classifications of Liabilities as Current or Non-current Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

2. Qualification of financial statements

The audited financial statements of the preceding financial year were not subject to any qualification.

3. Seasonal or cyclical factors

The Group's operation was not affected by seasonal or cyclical factors.

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4. Unusual items

Save for the information disclosed elsewhere in this financial report, there were no other material items affecting assets, liabilities, equity, net income, or cash flows for the financial period/year that were unusual due to their nature, size, or incidence.

5. Changes in estimates

There were no significant changes in estimates of amounts reported in prior interim periods that had a material effect in the current interim period.

6. Debt and equity securities

During the third quarter of 2022, the Company did not purchase any of its issued ordinary shares from the open market (period to-date: Nil). The Company held a total of 577,054 treasury shares as at 30 September 2022.

There were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period ended 30 September 2022.

7. Dividends

The Directors did not declare any dividend in the current/corresponding financial period.

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8. Segment information

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<u>Financial period ended 30 September 2022</u>					
Revenue	1,207,842	349,688	233,280	103,152	1,893,962
Less: Inter segment revenue	(1,759)	-	-	(321)	(2,080)
External revenue	1,206,083	349,688	233,280	102,831	1,891,882
Segment profit/(loss)	107,652	39,665	11,588	2,428	161,333
Share of results of associates	(8,258)	-	(128)	(2)	(8,388)
Share of results of joint ventures	(5,512)	432	-	(4,717)	(9,797)
	93,882	40,097	11,460	(2,291)	143,148
Unallocated expenses relating to financing activities					(9,897)
Unallocated corporate expenses					(10,635)
Profit before tax					122,616
TOTAL ASSETS					
<u>As at 30 September 2022</u>					
Segment assets	1,845,722	463,034	114,415	89,171	2,512,342
Investment in associates	155,147	-	140	-	155,287
Investment in joint ventures	35,997	7,305	-	2,767	46,069
Assets classified as held for sale	-	-	16,171	-	16,171
	2,036,866	470,339	130,726	91,938	2,729,869
Unallocated corporate assets					
- Deferred tax assets					45,718
- Tax recoverable					7,392
- Cash and cash equivalents					14,413
- Short term investment					-
- Others					24,384
Total assets					2,821,776

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8. Segment information (continued)

	Energy Solutions <u>Services</u> RM'000	Renewable <u>Energy</u> RM'000	Industrial Trading & <u>Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 September 2022</u>					
Depreciation of:					
- Property, plant and equipment	28,096	3,689	535	1,083	33,403
- Investment properties	-	-	2	165	167
- Right-of-use assets	19,243	50	864	1,324	21,481
Additions of:					
- Property, plant and equipment	35,850	3,153	132	487	39,622
Impairment loss/(reversal) on:					
- Receivables	225	2,319	(522)	-	2,022
(Reversal)/Allowance on slow moving and obsolete inventories	(941)	(131)	51	-	(1,021)
Write-off on:					
- Property, plant and equipment	312	-	38	-	350
- Inventories	914	-	9	-	923
- Receivables	71	25	-	24	120
Interest income	(1,228)	(534)	(612)	(134)	(2,508)
Interest expense					
- Loans and borrowings	5,070	3,300	1,374	249	9,993
- Lease liabilities	8,523	-	70	152	8,745

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8. Segment information (continued)

Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
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OTHER INFORMATION

Financial period ended 30 September 2022

Revenue comprise of:

- Revenue from contracts with customers	1,201,907	349,688	232,495	102,811	1,886,901
- Revenue from other sources	4,176	-	785	20	4,981
	<u>1,206,083</u>	<u>349,688</u>	<u>233,280</u>	<u>102,831</u>	<u>1,891,882</u>

Revenue from contracts with customers is represented by:

Timing of revenue recognition

- Over time	1,118,482	245,798	-	72,995	1,437,275
- At a point in time	83,425	103,890	232,495	29,816	449,626
	<u>1,201,907</u>	<u>349,688</u>	<u>232,495</u>	<u>102,811</u>	<u>1,886,901</u>

Company name : WAH SEONG CORPORATION BERHAD (Registration No.: 199901020946 (495846-A))
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8. Segment information (continued)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<u>Financial period ended 30 September 2021</u>					
Revenue	464,406	197,832	203,674	110,450	976,362
Less: Inter segment revenue	(1,938)	-	-	(328)	(2,266)
External revenue	462,468	197,832	203,674	110,122	974,096
Segment profits	10,317	18,547	9,622	(7,695)	30,791
Share of results of associates	7,081	-	316	(3)	7,394
Share of results of joint ventures	(844)	428	-	(2,226)	(2,642)
	16,554	18,975	9,938	(9,924)	35,543
Unallocated expenses relating to financing activities					(8,822)
Unallocated corporate expenses					(11,288)
Profit before tax					15,433
TOTAL ASSETS					
<u>As at 30 September 2021</u>					
Segment assets	1,248,457	404,222	134,167	74,628	1,861,474
Investment in associates	224,662	-	28,698	-	253,360
Investment in joint ventures	63,530	6,834	-	8,400	78,764
	1,536,649	411,056	162,865	83,028	2,193,598
Unallocated corporate assets					
- Deferred tax assets					34,082
- Tax recoverable					4,828
- Cash and cash equivalents					10,288
- Short term investment					642
- Others					24,786
Total assets					2,268,224

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8. Segment information (continued)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
<u>Financial period ended 30 September 2021</u>					
Depreciation of:					
- Property, plant and equipment	23,248	3,914	811	1,331	29,304
- Investment properties	-	-	2	165	167
- Right-of-use assets	12,712	-	1,046	1,086	14,844
Additions of:					
- Property, plant and equipment	56,329	1,050	848	1,091	59,318
Impairment loss/(reversal) on:					
- Receivables	378	(369)	(811)	-	(802)
- Amount owing by an associate	-	-	-	768	768
(Reversal)/allowance on slow moving and obsolete inventories	(103)	(526)	62	-	(567)
Write-off/(reversal) on:					
- Property, plant and equipment	192	-	4	-	196
- Inventories	218	-	8	-	226
- Receivables	(168)	-	-	-	(168)
Interest income	(1,687)	(332)	(446)	(54)	(2,519)
Interest expense					
- Loans and borrowings	3,601	3,416	1,190	196	8,403
- Lease liabilities	7,373	-	93	157	7,623

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8. Segment information (continued)

Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
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OTHER INFORMATION

Financial period ended 30 September 2021

Revenue comprise of:

- Revenue from contracts with customers	449,294	197,832	203,270	110,104	960,500
- Revenue from other sources	13,174	-	404	18	13,596
	<u>462,468</u>	<u>197,832</u>	<u>203,674</u>	<u>110,122</u>	<u>974,096</u>

Revenue from contracts with customers is represented by:

Timing of revenue recognition

- Over time	307,349	117,882	-	60,248	485,479
- At a point in time	141,945	79,950	203,270	49,856	475,021
	<u>449,294</u>	<u>197,832</u>	<u>203,270</u>	<u>110,104</u>	<u>960,500</u>

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9. Events after the reporting period

There were no material events subsequent to the financial period ended 30 September 2022.

10. Effects of changes in the composition of the Group during the current quarter

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

11. Significant events during the reporting period

There were no significant events during the current quarter and financial period ended 30 September 2022.

12. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

13. Capital commitments

Capital commitments not provided for in the interim report:

Approved and contracted for

As at
30 September
2022
RM'000

41,106

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Other information required by Bursa Malaysia Securities Berhad Main Market Listing Requirements

14. Review of performance of operating segments for the current quarter and financial period ended 30 September 2022

Energy Solutions Services Segment

The Energy Solutions Services Segment's external revenue for the third quarter and financial period ended 30 September 2022 were RM429.4 million and RM1.2 billion respectively, compared with RM150.9 million and RM462.5 million in the corresponding periods in 2021. The segment registered a profit before tax of RM13.4 million and RM93.9 million respectively, compared with loss before tax of RM3.7 million and profit before tax of RM16.6 million in the corresponding periods in 2021.

The execution of work from the strong order book in hand contributed to the significant increase in revenue for both the current period and financial period under review. This also contributed to the higher profits generated in the periods under review.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the third quarter and financial period ended 30 September 2022 were RM142.5 million and RM349.7 million respectively, compared with RM58.4 million and RM197.8 million in the corresponding periods in 2021. The profit before tax were RM17.6 million and RM40.1 million respectively, as against RM5.2million and RM19.0 million in the corresponding periods in 2021.

Higher revenue and profit before taxation of the Renewable Energy Segment were mainly due to higher number of projects executed by the Industrial Engineering unit and improved equipment sales and after-sales services recognised by the Agro-based Industrial unit.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the third quarter and financial periods ended 30 September 2022 were RM76.7 million and RM233.3 million respectively, compared with RM56.1 million and RM203.7 million in the corresponding periods in 2021. The segment recorded a profit before tax of RM1.2 million and RM11.5 million respectively, as against RM6.3 million and RM9.9 million in the corresponding periods in 2021.

Excluding one-off gain in corresponding quarter in 2021, the segment turnaround to register a profit in the third quarter with higher overall sales and better contribution, compared with an adjusted loss in the corresponding quarter in 2021. Higher profit before tax for the financial periods ended 30 September 2022 was due to positive contribution from heavy equipment and engine sales; recognition of the gain on disposal of an associated company; and recognition of gain on disposal of asset held for sales in the current financial period.

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15. Material changes in the profit before taxation for the current quarter as compared with the immediate preceding quarter

The Group recorded a profit before taxation of RM27.7 million in the current quarter, compared with RM85.5 million in the previous quarter. The decrease in profit in the current quarter was due to a combination of lower revenue as well as higher proportion of revenue from activities with lower margin.

16. Prospects

The Group continues to maintain a strong order book which stands at RM3.0 billion comprising, RM2.5 billion in the Energy Solutions Services segment, RM399.8 million in the Renewable Energy segment, and RM38.6 million in the Industrial Trading & Services segment. The Energy Solutions Services segment continues to replenish its order book and this has allowed the Group to maintain a strong position.

The Group continues to be cautious given the current macro-economic situation, which has created new challenges around the supply chain, project financing, cost escalation of essential materials, etc. Wherever possible, the Group is addressing these issues within its contracting arrangements to mitigate the risk.

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17. Profit before tax

	Current Quarter Ended 30 September 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2021 RM'000	Current Period To- date Ended 30 September 2022 RM'000	Preceding Corresponding Period To-date Ended 30 September 2021 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(736)	(822)	(2,508)	(2,519)
Depreciation and amortisation	20,225	14,781	55,051	44,315
Impairment loss/ (Reversal) on receivables - net	2,324	970	2,022	(802)
Impairment loss on amount owing by an associate - net	-	-	-	768
(Reversal)/Impairment loss on investment in a joint venture	(2,832)	-	-	-
Allowance/(Reversal) on slow moving and obsolete inventories - net	(794)	54	(1,021)	(567)
Write-off on property, plant and equipment	186	175	350	196
Write-off on inventories	918	3	923	226
Write-off on receivables	-	-	120	-
Net foreign exchange (gain)/loss	(2,352)	(707)	(7,253)	(7,820)
Gain on disposal of property, plant and equipment	(63)	(8)	(82)	(558)
Gain on disposal of assets held for sale	-	(6,426)	(5,160)	(17,425)
Gain on disposal of an associate	-	-	(2,142)	-

Save as disclosed above and in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 September 2022 RM'000	Period To-date Ended 30 September 2022 RM'000
Tax expense		
- Malaysian tax	5,001	9,656
- Foreign tax	(2,293)	27,492
	<u>2,708</u>	<u>37,148</u>

The effective tax rate of the Group varies from the statutory tax rate due to the following:

	Current Quarter Ended 30 September 2022 RM'000	Period To-date Ended 30 September 2022 RM'000
Profit before tax	<u>27,742</u>	<u>122,616</u>
Tax expense at the statutory tax rate – 24%	6,658	29,428
Other tax adjustments	(4,981)	6,734
Under provision in prior financial period	1,031	986
	<u>(3,950)</u>	<u>7,720</u>
Taxation	<u>2,708</u>	<u>37,148</u>

19. Profit forecast

The Group did not issue any profit forecast for the current quarter.

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20. Group's borrowings and debt securities

	As at 30 September 2022 RM'000
Unsecured	
Short term borrowings	
Revolving credits	505,858
Term loans	25,491
Trade financing	113,916
Fixed rate notes	21,938
	<u>667,203</u>
Long term borrowings	
Term loans	89,974
Total borrowings	<u>757,177</u>

The Group's borrowings are denominated in the following currencies:

United States Dollar	556,501
Ringgit Malaysia	185,804
Australian Dollar	14,872
	<u>757,177</u>

21. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in financial assets and liabilities during the current quarter and financial period ended 30 September 2022 are as follows:

	Current Quarter Ended 30 September 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2021 RM'000	Current Period To-date Ended 30 September 2022 RM'000	Preceding Corresponding Period To-date Ended 30 September 2021 RM'000
Balance as at				
- 1 January	-	-	(398)	2,162
- 1 July	(868)	(415)	-	-
Fair value gain/(loss) recognised in profit or loss	219	172	(244)	(2,429)
Effect of changes in exchange rate	(13)	11	(20)	35
Balance as at 30 September	<u>(662)</u>	<u>(232)</u>	<u>(662)</u>	<u>(232)</u>

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21. Fair value of financial instruments (continued)

	As at 30 September 2022 RM'000	As at 30 September 2021 RM'000
Represented by:		
Investment in equity instruments carried at fair value	-	3
Derivative financial assets	4,278	286
Derivative financial liabilities	(4,940)	(521)
	(662)	(232)

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at end of the financial period, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>30 September 2022</u>				
<u>Financial assets</u>				
Derivative financial assets	-	4,278	-	4,278
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(4,940)	-	(4,940)
	-	(4,940)	-	(4,940)

Valuation techniques used to derive Level 2 fair values

The Level 2 fair values represent an estimated valuation derived from market quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions.

There were no changes in valuation techniques during the financial period.

22. Material litigation

There were no material litigations pending as at this reporting date.

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23. Earnings per share (EPS)

Basic and diluted earnings per share

The basic and diluted earnings per share have been computed based on net profit attributable to the owners of the Company for the current financial quarter/period divided by the weighted average number of ordinary shares after adjusting for movements in treasury shares in the same financial quarter/period:

	Current Quarter Ended 30 September 2022	Preceding Year Corresponding Quarter Ended 30 September 2021	Current Period To-date Ended 30 September 2022	Preceding Corresponding Period To-date Ended 30 September 2021
Net profit attributable to the owners of the Company (RM'000)	19,567	(5,941)	41,943	4,597
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	774,311	774,311	774,311	774,311
Basic/diluted earnings per share (sen)	2.53	(0.77)	5.42	0.59

24. Contingent liabilities

There were no contingent liabilities arising since the last annual audited statement of financial position.

25. Authorisation for issue

This Quarterly Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' Meeting held on 23 November 2022.