



**SOUTHERN CABLE GROUP BERHAD**

(Registration No. 201901011439 (1320767-M))  
(Incorporated in Malaysia under the Companies Act 2016)

**Interim Financial Report**

**For The Third Quarter Ended**

**30 September 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<sup>(1)</sup>**

|   | Note | QUARTER ENDED       |                          | YEAR TO-DATE ENDED  |            |
|---|------|---------------------|--------------------------|---------------------|------------|
|   |      | Unaudited           | Unaudited <sup>(2)</sup> | Unaudited           | Unaudited  |
|   |      | 30.09.2020          | 30.09.2019               | 30.09.2020          | 30.09.2019 |
|   |      | RM'000              | RM'000                   | RM'000              | RM'000     |
| Revenue   | A9   | 151,560             | N/A                      | 392,646             | N/A        |
| Cost of sales   |      | (134,742)           | N/A                      | (351,857)           | N/A        |
| <b>Gross profit</b>   |      | <b>16,818</b>       | <b>N/A</b>               | <b>40,789</b>       | <b>N/A</b> |
| Other income  |      | 252                 | N/A                      | 856                 | N/A        |
| Distribution expenses   |      | (2,657)             | N/A                      | (6,627)             | N/A        |
| Administrative expenses   |      | (3,019)             | N/A                      | (6,778)             | N/A        |
| Other expenses  |      | -                   | N/A                      | (3)                 | N/A        |
| <b>Operating profit</b>   | B12  | <b>11,394</b>       | <b>N/A</b>               | <b>28,237</b>       | <b>N/A</b> |
| Finance costs   |      | (1,719)             | N/A                      | (5,124)             | N/A        |
| <b>Profit before tax</b>  |      | <b>9,675</b>        | <b>N/A</b>               | <b>23,113</b>       | <b>N/A</b> |
| Income tax expense  | B5   | (2,338)             | N/A                      | (6,630)             | N/A        |
| <b>Profit/Total comprehensive income for the financial period</b>                                 |      | <b>7,337</b>        | <b>N/A</b>               | <b>16,483</b>       | <b>N/A</b> |
| <b>Profit/Total comprehensive income for the financial period after taxation attributable to:</b> |      |                     |                          |                     |            |
| Owners of the Company   |      | 7,337               | N/A                      | 16,483              | N/A        |
|   |      | <b>7,337</b>        | <b>N/A</b>               | <b>16,483</b>       | <b>N/A</b> |
| <b>Earnings per Share</b>   |      |                     |                          |                     |            |
| Basic/Diluted (sen) <sup>(3)</sup>  | B11  | 1.24 <sup>(4)</sup> | N/A                      | 2.79 <sup>(4)</sup> | N/A        |



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<sup>(1)</sup> (CONT'D)

### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 29 September 2020 ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
  - (2) This is the first interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative financial period concerned.
  - (3) The diluted earnings per share of the Group for the quarter and financial year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.
  - (4) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the financial period under review.
- N/A Not applicable.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

|   | Unaudited<br>as at<br>30.09.2020<br>RM'000 | Audited<br>as at<br>31.12.2019<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-current Assets</b>                                       |  |  |
| Property, plant and equipment                                   | 18,221                                     | 18,162                                   |
| Right-of-use assets   | 51,354                                     | 53,275                                   |
| Investment properties   | 531  | 536                                      |
|   | <b>70,106</b>                              | <b>71,973</b>                            |
| <b>Current Assets</b>   |  |  |
| Inventories   | 77,518                                     | 62,133                                   |
| Current tax assets  | 178  | 97                                       |
| Trade receivables and other receivable                          | 196,285                                    | 180,303                                  |
| Cash and short-term deposits                                    | 55,028                                     | 56,600                                   |
|   | <b>329,009</b>                             | <b>299,133</b>                           |
| <b>TOTAL ASSETS</b>   | <b>399,115</b>                             | <b>371,106</b>                           |
| <b>EQUITY AND LIABILITIES</b>                                   |  |  |
| <b>Equity</b>   |  |  |
| Share capital   | 147,663                                    | 147,663                                  |
| Retained earnings   | 165,773                                    | 149,290                                  |
| Reserves  | (120,947)                                  | (120,947)                                |
| <b>Total equity</b>   | <b>192,489</b>                             | <b>176,006</b>                           |
| <b>Non-current Liabilities</b>                                  |  |  |
| Loans and borrowings  | 16,613                                     | 18,818                                   |
| Lease liabilities   | 10   | 43                                       |
| Deferred tax liabilities  | 2,438                                      | 1,793                                    |
|   | <b>19,061</b>                              | <b>20,654</b>                            |
| <b>Current Liabilities</b>                                      |  |  |
| Loans and borrowing   | 138,656                                    | 135,815                                  |
| Lease liabilities   | 70   | 66                                       |
| Provisions  | 116  | 257                                      |
| Current tax liabilities   | 3,420                                      | 2,997                                    |
| Trade and other payables  | 45,243                                     | 35,227                                   |
| Derivative financial liabilities                                | 60   | 84                                       |
|   | <b>187,565</b>                             | <b>174,446</b>                           |
| <b>Total liabilities</b>  | <b>206,626</b>                             | <b>195,100</b>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>399,115</b>                             | <b>371,106</b>                           |
| Number of issued shares ('000)                                  | 590,652                                    | 295,326                                  |
| Net assets per share attributable to owners of the company (RM) | 0.33                                       | 0.60                                     |

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)(2)</sup>**

|  | Attributable to owners of the Group |                                     |                                | Total equity<br>RM'000 |
|--|-------------------------------------|-------------------------------------|--------------------------------|------------------------|
|  | Non-Distributable                   |                                     | Distributable                  |                        |
|  | Invested<br>equity<br>RM'000        | Reorganisation<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 |                        |
| <b>Balance as at 1 January 2020<br/>(Audited)</b>  | 147,663                             | (120,947)                           | 149,290                        | 176,006                |
| Profit for the financial period,<br>representing total comprehensive<br>income for the financial period<br>(Unaudited) | -                                   | -                                   | 16,483                         | 16,483                 |
| <b>Balance as at 30 September<br/>2020 (Unaudited)</b>   | 147,663                             | (120,947)                           | 165,773                        | 192,489                |

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup>**

|  | <b>CURRENT<br/>YEAR<br/>TO-DATE<br/>30.09.2020<br/>Unaudited<br/>RM'000</b> | <b>PRECEDING<br/>YEAR<br/>TO-DATE<br/>30.09.2019<br/>Unaudited<sup>(2)</sup><br/>RM'000</b> |
|--|---|---|
| <b>Cash flows from operating activities</b>                |   |   |
| Profit before tax  | 23,113  | N/A   |
| Adjustments for:   |   |   |
| Amortisation/depreciation of investment properties         | 5   | N/A   |
| Amortisation/depreciation of property, plant and equipment | 2,454   | N/A   |
| Depreciation of right-of-use assets                        | 2,554   | N/A   |
| Bad debts recovered  | (20)  | N/A   |
| Fair value loss on derivative financial instruments        | (24)  | N/A   |
| Gain on disposal of property, plant and equipment          | (35)  | N/A   |
| Interest expenses  | 5,124   | N/A   |
| Interest income  | (448)   | N/A   |
| Provision for employee benefit (net)                       | (141)   | N/A   |
| Property, plant and equipment written off                  | 1   | N/A   |
| Gain on foreign exchange                                   | (40)  | N/A   |
| <b>Operating profit before changes in working capital</b>  | <b>32,543</b>   | <b>N/A</b>  |
| Changes in working capital:                                |   |   |
| Inventories  | (15,385)  | N/A   |
| Trade and other receivables                                | (15,960)  | N/A   |
| Trade and other payable                                    | 10,053  | N/A   |
| Net cash generated from operations                         | 11,251  | N/A   |
| Income tax paid  | (5,642)   | N/A   |
| Interest received  | 448   | N/A   |
| Interest paid  | (113)   | N/A   |
| <b>Net cash from operating activities</b>                  | <b>5,944</b>  | <b>N/A</b>  |
| <b>Cash flows from investing activities</b>                |   |   |
| Purchase of property, plant and equipment                  | (1,243)   | N/A   |
| Purchase of right-of-use assets                            | (178)   | N/A   |
| Proceeds from disposal of property, plant and equipment    | 35  | N/A   |
| Change in pledged deposits                                 | (923)   | N/A   |
| <b>Net cash used in investing activities</b>               | <b>(2,309)</b>  | <b>N/A</b>  |



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup> (CONT'D)**

|   | <b>CURRENT<br/>YEAR<br/>TO-DATE<br/>30.09.2020<br/>Unaudited<br/>RM'000</b> | <b>PRECEDING<br/>YEAR<br/>TO-DATE<br/>30.09.2019<br/>Unaudited<sup>(2)</sup><br/>RM'000</b> |
|---|---|---|
| <b>Cash flows from financing activities</b>                               |   |   |
| Interest paid   | (5,011)   | N/A   |
| Repayment of term loans   | (1,033)   | N/A   |
| Repayment of finance lease liabilities                                    | (3,173)   | N/A   |
| Repayment of lease liabilities  | (68)  | N/A   |
| Drawdown of bankers' acceptance   | 364,745   | N/A   |
| Repayment of bankers' acceptance  | (361,265)   | N/A   |
| <b>Net cash used in financing activities</b>                              | <b>(5,805)</b>  | <b>N/A</b>  |
| <br>  |   |   |
| Net decrease in cash and cash equivalents                                 | (2,170)   | N/A   |
| <br>  |   |   |
| <b>Cash and cash equivalents at the beginning of the financial period</b> | <b>13,204</b>   | <b>N/A</b>  |
| <br>  |   |   |
| <b>Cash and cash equivalents at the end of the financial period</b>       | <b>11,034</b>   | <b>N/A</b>  |

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the Prospectus and the accompanying explanatory notes attached to the interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable.

## **A. NOTES TO THE INTERIM FINANCIAL REPORT**

### **A1. Basis of Preparation**

The interim financial report of Southern Cable Group Berhad (“**Southern Cable**” or “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report on the Company’s unaudited condensed consolidated financial results for the third quarter ended 30 September 2020 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying notes attached to this interim financial report.

### **A2. Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2019, except for the following amendments/improvements to MFRSs which are relevant and mandatory for the current financial period:

#### Amendments/Improvements to MFRSs

|          |   |
|----------|---|
| MFRS 3   | Business Combinations   |
| MFRS 7   | Financial Instruments: Disclosures                              |
| MFRS 9   | Financial Instruments   |
| MFRS 16  | Leases*   |
| MFRS 101 | Presentation of Financial Statements                            |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 139 | Financial Instruments: Recognition and Measurement              |

\* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board on 5 June 2020

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

### **A3. Auditors’ Report on Preceding Annual Financial Statements**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

### **A4. Seasonal or Cyclical Factors**

The Group’s performance has not been materially affected by any seasonal or cyclical factors during the current quarter and financial year-to-date.





**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A5. Items or Incidence of an Unusual Nature**

Save as disclosed in Notes A10 and B9, there were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter and financial year-to-date.

**A6. Material Changes in Estimates**

There were no material changes in estimates for the current quarter and financial year-to-date.

**A7. Debt and Equity Securities**

Save as disclosed in Note B6, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares during the current quarter and financial year-to-date.

**A8. Dividend Paid**

There were no dividends paid for the current quarter and financial year-to-date.



**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A9. Segmental Reporting**

The Group is principally a manufacturer of cables and wires that are used for power distribution and transmission, communications as well as control and instrumentation applications. The Group's segmental revenue for the current quarter and financial year-to-date is as follows:

|  | <b>Power cables<br/>and wires</b> | <b>Communication<br/>cables and wires</b> | <b>Control and<br/>instrumentation<br/>cables and wires</b> | <b>Others</b> | <b>Adjustment<br/>and<br/>eliminations</b> | <b>Total</b>   |
|--|-----------------------------------|---|---|---------------|--|----------------|
|  | <b>RM'000</b>                     | <b>RM'000</b>                             | <b>RM'000</b>   | <b>RM'000</b> | <b>RM'000</b>                              | <b>RM'000</b>  |
| <b>Current quarter 30 September 2020</b>               |                                   |   |   |               |  |                |
| <b>Revenue:</b>  |                                   |   |   |               |  |                |
| Revenue from external customers                        | 124,924                           | 5,960                                     | 7,228   | 13,448        | -  | 151,560        |
| Inter-segment revenue                                  | -                                 | -   | -   | 6,758         | (6,758)                                    | -              |
|  | <u>124,924</u>                    | <u>5,960</u>                              | <u>7,228</u>  | <u>20,206</u> | <u>(6,758)</u>                             | <u>151,560</u> |
| <b>Segment profit</b>                                  | 14,072                            | 812                                       | 1,053   | 841           | 40   | 16,818         |
| Other income   |                                   |   |   |               |  | 252            |
| Unallocated expenses                                   |                                   |   |   |               |  | (5,676)        |
| Finance costs  |                                   |   |   |               |  | (1,719)        |
| Income tax expenses                                    |                                   |   |   |               |  | (2,338)        |
| Profit for the financial period                        |                                   |   |   |               |  | <u>7,337</u>   |
| <b>Result:</b>   |                                   |   |   |               |  |                |
| <i>Included in the measure of segments profit are:</i> |                                   |   |   |               |  |                |
| Employee benefits expense                              |                                   |   |   |               |  | 5,996          |
| Depreciation and amortisation                          |                                   |   |   |               |  | 1,670          |



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

|                                       | Power cables<br>and wires | Communication<br>cables and wires | Control and<br>instrumentation<br>cables and wires | Others        | Adjustment<br>and<br>eliminations | Total          |
|---------------------------------------|---------------------------|-----------------------------------|--|---------------|-----------------------------------|----------------|
|                                       | RM'000                    | RM'000                            | RM'000   | RM'000        | RM'000                            | RM'000         |
| <b>Year-to-date 30 September 2020</b> |                           |                                   |  |               |                                   |                |
| <b>Revenue:</b>                       |                           |                                   |  |               |                                   |                |
| Revenue from external customers       | 313,292                   | 17,935                            | 21,235   | 40,184        | -                                 | 392,646        |
| Inter-segment revenue                 |                           |                                   |  | 18,768        | (18,768)                          | -              |
|                                       | <u>313,292</u>            | <u>17,935</u>                     | <u>21,235</u>                                      | <u>58,952</u> | <u>(18,768)</u>                   | <u>392,646</u> |
| <b>Segment profit</b>                 | 32,995                    | 2,697                             | 2,824  | 2,243         | 30                                | 40,789         |
| Other income                          |                           |                                   |  |               |                                   | 856            |
| Unallocated expenses                  |                           |                                   |  |               |                                   | (13,408)       |
| Finance costs                         |                           |                                   |  |               |                                   | (5,124)        |
| Income tax expenses                   |                           |                                   |  |               |                                   | (6,630)        |
| Profit for the financial period       |                           |                                   |  |               |                                   | <u>16,483</u>  |

**Result:**

*Included in the measure of segments  
profit are:*

|                               |        |
|-------------------------------|--------|
| Employee benefits expense     | 17,998 |
| Depreciation and amortisation | 5,013  |

This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**
**A10. Material Events Subsequent to the End of the Current Quarter**

Save as disclosed in Note B6 "Status of Corporate Proposals", there are no other material events during the current quarter and financial year-to-date.

**A11. Changes in Composition of the Group**

Save as disclosed in Note B6, there were no changes in the composition of the Group during the current quarter and financial year-to-date.

**A12. Contingent Assets and Contingent Liabilities**

Save as disclosed below, there were no other contingent assets or contingent liabilities as at the date of this interim financial report.

|  | <b>Unaudited<br/>as at<br/>30.09.2020<br/>RM'000</b> | <b>Audited<br/>as at<br/>31.12.2019<br/>RM'000</b> |
|--|--|--|
| Bank guarantee   |  |  |
| - Trade facilities                                       | 19,002   | 26,749   |
| - Contract financing for performance bonds and guarantee | 7,842  | 7,842  |
|  | <u>26,844</u>  | <u>34,591</u>                                      |

**A13. Capital Commitments**

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred.

|   | <b>Unaudited<br/>as at<br/>30.09.2020<br/>RM'000</b> | <b>Audited<br/>as at<br/>31.12.2019<br/>RM'000</b> |
|---|--|--|
| Capital expenditures contracted but not provided for:     |  |  |
| - Construction of building                                | -  | 45   |
| - Purchase of plant and machineries                       | -  | 111  |
| Capital expenditures not contracted and not provided for: |  |  |
| - Purchase of plant and machineries                       | 30,000   | 30,000   |

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**
**A14. Related Party Transactions**

|  | <b>QUARTER ENDED</b>                       |  | <b>YEAR-TO-DATE ENDED</b>                  |  |
|--|--|--|--|--|
|  | <b>Unaudited<br/>30.09.2020<br/>RM'000</b> | <b>Unaudited<sup>(1)</sup><br/>30.09.2019<br/>RM'000</b> | <b>Unaudited<br/>30.09.2020<br/>RM'000</b> | <b>Unaudited<br/>30.09.2019<br/>RM'000</b> |
| Rental expenses paid to promoter and substantial shareholder | 14   | N/A  | 41   | N/A  |

**Notes:**

(1) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period available as no interim financial report was prepared for the comparative financial period concerned.

N/A Not Applicable.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Review of Group Performance**

In the current quarter ended 30 September 2020 and financial year-to-date, the Group recorded revenue of RM151.56 million and RM392.65 million, gross profit of RM16.82 million and RM40.79 million and profit before tax of RM9.68 million and 23.11 million respectively.

The Group's revenue for the current quarter and financial year-to-date is mainly attributed to its power cables and wires segment which accounted for RM124.92 million and RM313.29 million or 82.42% and 79.79% of the total revenue respectively. The revenue attributed to the power cables and wires was mainly contributed by low and medium voltage cables and wires from utility companies.

The Group's gross profit for the current quarter and financial year-to-date is mainly attributed to the power cables and wires segment which contributed RM14.07 million and RM33.00 million or 83.65% and 80.90% of the gross profit respectively.

The Group recognised profit before tax of RM9.68 million for current quarter and RM23.11 million for financial year-to-date after deducting expenses which are mainly attributed to distribution expenses and administrative expenses amounting to RM5.68 million and RM13.41 million respectively, which mainly consists of outward transport charges, depreciation, salaries and directors' remuneration.

No comparative figures for the preceding corresponding quarter and period are available as this is the first interim financial report for the third quarter ended 30 September 2020 being announced by the Group in compliance with the Listing Requirements.

**B2. Comparison with the Immediate Preceding Year's Quarter Result**

There are no comparative figures for the immediate preceding corresponding quarter and period as this is the first interim financial report for the third quarter ended 30 September 2020 being announced by the Group in compliance with the Listing Requirements.

**B3. Commentary on Prospects**

As disclosed in Section 5.8 of the Prospectus, the Group has the following future plans:

- (a) to expand the Group's production facilities;
- (b) to expand the Group's product range; and
- (c) to purchase and upgrade machinery and equipment to support the Group's expansion plans.

The Group believes that its prospects in the production facilities are favourable in view of the following factors, details of which are disclosed in Section 5.8 of the Prospectus:

- (i) the Group's current on-going projects and order book; and
- (ii) competitive strengths of the Group.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**

Please refer to Section 5.5.13 of the Prospectus for further details on the interruptions to business and operations pursuant to the COVID-19 pandemic and the movement control order conditions.

Premised on the above and barring unforeseen circumstances, the Board of Directors expects the Group's financial performance for the current financial year to be satisfactory.

**B4. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee during the current quarter and financial year-to-date.

**B5. Tax Expense**

| QUARTER ENDED |                          | YEAR-TO-DATE ENDED |                          |
|---------------|--------------------------|--------------------|--------------------------|
| Unaudited     | Unaudited <sup>(1)</sup> | Unaudited          | Unaudited <sup>(1)</sup> |
| 30.09.2020    | 30.09.2019               | 30.09.2020         | 30.09.2019               |
| RM'000        | RM'000                   | RM'000             | RM'000                   |

**In respect of current period:**

|                        |       |     |       |     |
|------------------------|-------|-----|-------|-----|
| Income tax             | 2,338 | N/A | 6,630 | N/A |
| Effective tax rate (%) | 24.17 | N/A | 28.69 | N/A |
| Statutory tax rate (%) | 24.00 | N/A | 24.00 | N/A |

The effective tax rate of the Group for the current financial year-to-date was higher than the statutory tax rate mainly due to non-deductible expenses and adjustment of deferred tax for prior year.

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable.

**B6. Status of Corporate Proposals**

During the financial quarter, the Company was in the process of listing its entire enlarged issued share capital of RM218.84 million comprising 800,000,000 shares on the ACE Market of Bursa Securities. In conjunction with the Company's initial public offering ("IPO") and listing on the ACE Market of Bursa Securities in accordance with its Prospectus dated 29 September 2020, the following listing scheme was undertaken by the Company:-

- (a) public issue of 209,348,000 new Shares ("**Issue Shares**") ("**Public Issue**") in the following manner:
- (i) 40,000,000 Issue Shares to the Malaysian public;
  - (ii) 22,000,000 Issue Shares to the eligible directors and employees of the Group, and persons who have contributed to the success of the Group;

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**

- (iii) 67,348,000 Issue Shares to selected investors by way of private placement; and
- (iv) 80,000,000 Issue Shares to identified Bumiputera investors approved by the Ministry of International Trade and Industry by way of private placement; and
- (b) offer for sale of 20,000,000 existing Shares to selected investors by way of private placement.

The listing of and quotation for the Company's entire enlarged issued share capital of RM218.84 million comprising 800,000,000 shares on the ACE Market of Bursa Securities was completed on 16 October 2020.

Save as disclosed above, there are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

**B7. Use of Proceeds Raised from Public Issue**

The gross proceeds of approximately RM71.18 million from the Public Issue is intended to be utilised in the following manner:

| Detail of utilisation   | Proposed Utilisation |               | Intended timeframe for utilisation from the date of listing |
|---|----------------------|---------------|---|
|   | RM'000               | %             |   |
| Capital expenditure and expansion   |                      |               | Within 36 months  |
| - Purchase and upgrade of new machinery and equipment                                     | 18,500               | 25.99         |   |
| - Construction of factories   | 7,500                | 10.54         |   |
| - Purchase and installation of Enterprise Resource Planning information technology system | 4,000                | 5.62          |   |
|   | <b>30,000</b>        | <b>42.15</b>  |   |
| Repayment of bank borrowings  | 9,188                | 12.91         | Within 6 months   |
| Working capital   | 27,490               | 38.62         | Within 6 months   |
| Estimated listing expenses  | 4,500                | 6.32          | Within 3 months   |
| <b>Total</b>  | <b>71,178</b>        | <b>100.00</b> |   |

The use of proceeds as disclosed above should be read together with the Prospectus. The IPO was completed on 16 October 2020 and hence, there has been no utilisation of the proceeds during the current quarter under review.



**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B8. Borrowings**

The details of the Group's borrowings are as follows: -

|                           | <b>Unaudited<br/>30.09.2020<br/>RM'000</b> | <b>Audited<br/>31.12.2019<br/>RM'000</b> |
|---------------------------|--|--|
| <b>Non-current</b>        |  |  |
| Term loans                | 9,462                                      | 10,553                                   |
| Finance lease liabilities | 7,151                                      | 8,265                                    |
|                           | <b>16,613</b>                              | <b>18,818</b>                            |
| <b>Current</b>            |  |  |
| Term loans                | 1,741                                      | 1,684                                    |
| Finance lease liabilities | 3,474                                      | 3,846                                    |
| Bankers' acceptance       | 133,441                                    | 129,961                                  |
| Bank overdraft            | -  | 324                                      |
|                           | <b>138,656</b>                             | <b>135,815</b>                           |
| <b>Total</b>              | <b>155,269</b>                             | <b>154,633</b>                           |

All the borrowings are secured and denominated in Ringgit Malaysia.

**B9. Material Litigation**

As at the date of this report, the Group is not engaged in any material litigation.

**B10. Dividends**

No dividends were declared or recommended for payment by the Board of Directors of the Company during the current quarter and financial year-to-date.

**B11. Basic and Diluted Earnings per Share**

The basic and diluted earnings per share ("**EPS**") for the current quarter and financial year-to-date are computed as follows:

|  | <b>QUARTER ENDED</b>            |   | <b>YEAR-TO-DATE ENDED</b>       |   |
|--|---------------------------------|---|---------------------------------|---|
|  | <b>Unaudited<br/>30.09.2020</b> | <b>Unaudited<sup>(1)</sup><br/>30.09.2019</b> | <b>Unaudited<br/>30.09.2020</b> | <b>Unaudited<sup>(1)</sup><br/>30.09.2019</b> |
| Profit attributable to owner of the Company (RM'000) | 7,337                           | N/A   | 16,483                          | N/A   |
| Weighted average number of shares ('000)             | 590,652                         | N/A   | 590,652                         | N/A   |
| Basic/Diluted EPS (sen) <sup>(2)</sup>               | 1.24                            | N/A   | 2.79 <sup>(3)</sup>             | N/A   |

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative financial period concerned.
- (2) The diluted earnings per share of the Group for the quarter and financial year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.
- (3) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the period under review.

N/A Not applicable.

**B12. Notes to the Condensed Consolidated Statement of Comprehensive Income**

|  | QUARTER ENDED                     |  | YEAR-TO-DATE ENDED                |                                   |
|--|-----------------------------------|--|-----------------------------------|-----------------------------------|
|  | Unaudited<br>30.09.2020<br>RM'000 | Unaudited <sup>(1)</sup><br>30.09.2019<br>RM'000 | Unaudited<br>30.09.2020<br>RM'000 | Unaudited<br>30.09.2019<br>RM'000 |
| Interest income  | (83)                              | N/A  | (448)                             | N/A                               |
| Interest expenses  | 1,719                             | N/A  | 5,124                             | N/A                               |
| Bad debts recovered  | -                                 | N/A  | (20)                              | N/A                               |
| Amortisation/depreciation of investment properties         | 2                                 | N/A  | 5                                 | N/A                               |
| Amortisation/depreciation of property, plant and equipment | 844                               | N/A  | 2,454                             | N/A                               |
| Depreciation of right-of-use assets                        | 824                               | N/A  | 2,554                             | N/A                               |

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

N/A Not Applicable

Save as disclosed above, the other disclosure items as required under Rule 16 of Appendix 9B of the Listing Requirements are not applicable.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)****B13. Derivative Financial Instruments**

The Group has entered into forward foreign exchange contracts in current quarter to manage the foreign currency exposures arising from the Group's receivables and payables denominated in United States Dollar (USD). Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the Group's outstanding forward foreign exchange contracts as at 30 September 2020 was RM7.14 million. The derivative financial liability of RM0.06 million which measured at fair value has been recognised in the Unaudited Condensed Consolidated Statement of Financial Position as at the date of this interim financial report.