



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 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	127,200	151,560	455,917	392,646
Cost of sales		<u>(120,077)</u>	<u>(134,742)</u>	<u>(429,047)</u>	<u>(351,857)</u>
Gross profit		7,123	16,818	26,870	40,789
Other income		576	252	2,159	856
Distribution expenses		(2,012)	(2,657)	(7,053)	(6,627)
Administrative expenses		(2,505)	(3,019)	(7,361)	(6,778)
Other expenses		<u>(1)</u>	<u>-</u>	<u>(2)</u>	<u>(3)</u>
Operating profit	B12	3,181	11,394	14,613	28,237
Finance costs		<u>(1,737)</u>	<u>(1,719)</u>	<u>(4,185)</u>	<u>(5,124)</u>
Profit before tax		1,444	9,675	10,428	23,113
Income tax expense	B5	<u>(61)</u>	<u>(2,338)</u>	<u>(2,370)</u>	<u>(6,630)</u>
Profit/Total comprehensive income for the financial period		<u>1,383</u>	<u>7,337</u>	<u>8,058</u>	<u>16,483</u>
Profit/Total comprehensive income for the financial period after taxation attributable to:					
Owners of the Company		<u>1,383</u>	<u>7,337</u>	<u>8,058</u>	<u>16,483</u>
		<u>1,383</u>	<u>7,337</u>	<u>8,058</u>	<u>16,483</u>
Earnings per Share					
Basic/Diluted (sen) ⁽²⁾⁽³⁾	B11	0.17	1.24	1.01	2.79



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (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 financial period-to-date.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited as at 30.09.2021 RM'000	Audited as at 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	36,807	24,551
Right-of-use assets	47,887	46,572
Investment properties	525	530
	85,219	71,653
Current Assets		
Inventories	110,144	88,955
Current tax assets	3,200	82
Trade receivables and other receivables	124,222 ⁽²⁾	158,142
Derivative financial assets	217	-
Cash and short-term deposits	72,105	129,420
	309,888	376,599
TOTAL ASSETS	395,107	448,252
EQUITY AND LIABILITIES		
Equity		
Share capital	217,656	217,656
Retained earnings	175,410	170,552
Reserves	(120,947)	(120,947)
Total equity	272,119	267,261
Non-current Liabilities		
Loans and borrowings	8,700	8,013
Lease liabilities	33	5
Deferred tax liabilities	3,036	3,027
	11,769	11,045
Current Liabilities		
Loans and borrowing	83,173	116,921
Lease liabilities	68	51
Provisions	341	177
Current tax liabilities	173	445
Trade and other payables	27,464 ⁽²⁾	52,203
Derivative financial liabilities	-	149
	111,219	169,946
TOTAL LIABILITIES	122,988	180,991
TOTAL EQUITY AND LIABILITIES	395,107	448,252
Number of issued shares ('000)	800,000	800,000
Net assets per share attributable to owners of the company (RM)	0.34	0.33

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (CONT'D)

Notes:

- (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 Company's audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Included in other payables is an amount of RM1.12 million payable to Royal Malaysian Customs Department for underpaid import duties and goods and services tax due to an error made in customs declaration for one of its imported raw materials. The supplier has accepted the responsibility for this error and agreed to reimburse the full amount to the Company of which a corresponding receivable has been recognised.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the Group			Total equity
	Non-Distributable		Distributable	
	Share capital	Reorganisation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021 (Audited)	217,656	(120,947)	170,552	267,261
Profit for the financial period representing total comprehensive income for the financial period (Unaudited)	-	-	8,058	8,058
Transaction with owners: Dividend payable	-	-	(3,200)	(3,200)
Balance as at 30 September 2021 (Unaudited)	217,656	(120,947)	175,410	272,119

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

Note:

- (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 Company's audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE 30.09.2021 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.09.2020 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	10,428	23,113
Adjustments for:		
Amortisation/depreciation of investment properties	5	5
Amortisation/depreciation of property, plant and equipment	3,374	2,454
Depreciation of right-of-use assets	2,046	2,554
Bad debts recovered	-	(20)
Fair value gain on derivative financial instruments	(366)	(24)
Gain on disposal of property, plant and equipment	-	(35)
Interest expenses	4,185	5,124
Interest income	(840)	(448)
Provision for employee benefit (net)	165	(141)
Property, plant and equipment written off	-	1
Right-of-use assets written off	8	-
Net unrealised foreign exchange gain	(534)	(40)
Operating profit before changes in working capital	18,471	32,543
Changes in working capital:		
Inventories	(21,189)	(15,385)
Trade and other receivables	34,444	(15,960)
Trade and other payables	(24,730)	10,053
Net cash generated from operations	6,996	11,251
Income tax paid	(5,753)	(5,642)
Interest received	840	448
Interest paid	(218)	(113)
Net cash from operating activities	1,865	5,944

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾ (CONT'D)

	CURRENT YEAR TO-DATE 30.09.2021 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.09.2020 Unaudited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,064)	(1,243)
Purchase of right-of-use assets	(4,813)	(178)
Proceeds from disposal of property, plant and equipment	-	35
Change in pledged deposits	44,205	(923)
Change in pledged bank balances	683	-
Net cash from/(used in) investing activities	26,011	(2,309)
Cash flows from financing activities		
Interest paid	(3,967)	(5,011)
Repayment of term loans	(3,989)	(1,033)
Repayment of finance lease liabilities	(2,125)	(3,173)
Repayment of lease liabilities	(75)	(68)
Drawdown of bankers' acceptance	436,131	364,745
Repayment of bankers' acceptance	(463,077)	(361,265)
Dividend paid to shareholders	(3,200)	
Net cash used in financing activities	(40,302)	(5,805)
Net decrease in cash and cash equivalents	(12,426)	(2,170)
Cash and cash equivalents at the beginning of the financial period	82,689	13,204
Cash and cash equivalents at the end of the financial period	70,263	11,034

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

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 Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the Company’s audited consolidated financial statements for the financial year ended 31 December 2020 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 2020, except for the following amendments/improvements to MFRSs which are relevant and mandatory for the current financial period:

Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
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 consolidated financial statements of the Group for the financial year ended 31 December 2020.

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**

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

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

On 23 February 2021, the Company declared a final dividend of 0.40 sen per ordinary share amounting to RM3.20 million in respect of the financial year end 31 December 2020. The final dividend has been paid by the Company on 16 July 2021 to shareholders whose names appeared in the Record of Depositors at the close of business on 28 June 2021.

There were no dividends paid for the current quarter.



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:

	Power cables and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current quarter 30 September 2021						
Revenue:						
Revenue from external customers	106,003	2,253	3,678	15,266	-	127,200
Inter-segment revenue	-	-	-	3,626	(3,626)	-
	<u>106,003</u>	<u>2,253</u>	<u>3,678</u>	<u>18,892</u>	<u>(3,626)</u>	<u>127,200</u>
Segment profit	5,710	202	261	919	31	7,123
Other income						576
Unallocated expenses						(4,518)
Finance costs						(1,737)
Income tax expenses						(61)
Profit for the financial period						<u>1,383</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						5,789
Depreciation and amortisation						1,906



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

	Power cables and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding quarter 30 September 2020						
Revenue:						
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>
Segment profit	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>
Result:						
<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 and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year-to-date 30 September 2021						
Revenue:						
Revenue from external customers	398,350	11,226	10,049	36,292	-	455,917
Inter-segment revenue	-	-	-	16,422	(16,422)	-
	<u>398,350</u>	<u>11,226</u>	<u>10,049</u>	<u>52,714</u>	<u>(16,422)</u>	<u>455,917</u>
Segment profit	22,931	1,051	775	2,062	51	26,870
Other income						2,159
Unallocated expenses						(14,416)
Finance costs						(4,185)
Income tax expenses						(2,370)
Profit for the financial period						<u>8,058</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						19,603
Depreciation and amortisation						5,425



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

	Power cables and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year-to-date 30 September 2020						
Revenue:						
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>
Segment profit	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:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						17,998
Depreciation and amortisation						5,013

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 subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

A11. Changes in Composition of the Group

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.

	Unaudited as at 30.09.2021 RM'000	Audited as at 31.12.2020 RM'000
Bank guarantee		
- Trade facilities	15,505	20,433
- Contract financing for performance bonds and guarantee	14,475	20,384
	<u>29,980</u>	<u>40,817</u>

A13. Capital Commitments

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

	Unaudited as at 30.09.2021 RM'000	Audited as at 31.12.2020 RM'000
Capital expenditures contracted but not provided for:		
- Purchase of plant and machineries, electrical installation and motor vehicle	557	7,150
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	11,420	21,051
	<u>11,977</u>	<u>28,201</u>

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
Rental expenses charged by a person connected to a director	14	14	41	41

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
B1. Review of Group Performance

(a) Result for current quarter

	QUARTER ENDED		Variance	
	Current Quarter	Preceding Corresponding Quarter	RM'000	%
	30.09.2021 RM'000	30.09.2020 RM'000	RM'000	%
Revenue	127,200	151,560	(24,360)	(16.07)
Profit before Tax	1,444	9,675	(8,231)	(85.07)

In the current quarter ended 30 September 2021, the Group recorded revenue of RM127.20 million compared with RM151.56 million for the corresponding quarter in the preceding year ended 30 September 2020, a decrease of RM 24.36 million or 16.07%. The Group's revenue for the current quarter ended 30 September 2021 was mainly attributed to its power cables and wires segment which accounted for RM106.00 million or 83.34% of the total revenue.

The revenue from the power cables and wires segment decreased to RM106.00 million in the current quarter ended 30 September 2021 from RM124.92 million for the corresponding quarter in the preceding year ended 30 September 2020. This was mainly attributed to lower revenue generated from low and medium voltage power cables and wires from engineering, procurement, construction and commissioning (EPC) contractors, as well as impact of various Movement Control Orders phases.

Geographically, the Malaysian market remained the largest market contributing to the Group's revenue, accounting for approximately 95.83% of the total revenue for the current quarter ended 30 September 2021.

The Group's gross profit for the current quarter is mainly derived from the power cables and wires segment, which contributed RM5.71 million or 80.16% of the gross profit.

The Group recognised profit before tax of RM1.44 million in the current quarter compared with RM9.68 million in the corresponding quarter in the preceding year ended 30 September 2020, a decrease of RM8.23 million or 85.07%. The decline in profit before tax was mainly due to lower revenue generated, as well as higher cost of plastic and metal-based materials.

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

(b) Result for financial period-to-date

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 30.09.2021 RM'000	Preceding Year to Date 30.09.2020 RM'000	RM'000	%
Revenue	455,917	392,646	63,271	16.11
Profit before tax	10,428	23,113	(12,685)	(54.88)

The Group recorded revenue of RM455.92 million for the current financial period ended 30 September 2021 as compared with RM392.65 million for the preceding financial period ended 30 September 2020, an increase of RM63.27 million or 16.11%. The Group's revenue for the current financial period ended 30 September 2021 was mainly derived from the power cables and wires segment accounting for approximately 87.37% of the total revenue for the current financial period ended 30 September 2021.

The Group's revenue from the power cables and wires segment rose to RM398.35 million in the current financial period ended 30 September 2021 from RM313.29 million for the preceding financial period ended 30 September 2020. This was attributed to higher average selling prices to account for the increase in metal-based material costs for ongoing contracts.

The Malaysian market remained the largest market contributing to the Group's revenue, accounting for approximately 96.96% of the total revenue for the current financial period ended 30 September 2021.

The Group's gross profit for the current financial period ended 30 September 2021 is mainly attributed to the power cables and wires segment which contributed RM22.93 million or 85.34% of the gross profit.

The Group recognised profit before tax of RM10.43 million in the current financial period ended 30 September 2021 as compared with RM23.11 million for the preceding financial period ended 30 September 2020, a decrease of RM12.69 million or 54.88%. The decrease in profit before tax for the current financial period ended 30 September 2021 was mainly due to increase in the cost of plastic and metal-based materials.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
B2. Comparison with the Immediate Preceding Quarter Result

	INDIVIDUAL QUARTER		Variance	
	Current Quarter	Preceding Quarter		
	30.09.2021	30.06.2021	RM'000	%
	RM'000	RM'000		
Revenue	127,200	156,429	(29,229)	(18.69)
Profit before tax	1,444	4,171	(2,727)	(65.38)

The Group's revenue for the current quarter decreased by 18.69% to RM127.20 million from RM156.43 million recorded in the preceding quarter. The decrease in revenue was mainly contributed by a decrease in sales of low and medium voltage power cables and wires.

The Group recorded a 65.38% decrease in profit before tax from RM4.17 million in the preceding quarter to RM1.44 million in the current quarter. The decrease in the profit before tax was mainly attributed to the lower revenue particularly during the various phases of Movement Control Orders, as well as higher cost of plastic and metal-based materials.

B3. Commentary of Prospects

In October 2021, the Group obtained approval from the Ministry of International Trade and Industry to resume 100% workforce capacity as more than 80% of the total employees are fully vaccinated. This much anticipated approval has spurred the Group to work tirelessly to ensure smooth fulfilment of the orders and deliveries.

As at date of this interim financial report, the Group's locations of operation, i.e. Kedah Darul Aman, Selangor Darul Ehsan and Johor Darul Takzim have advanced to phase 4 of National Recovery Plan ("**NRP**"), with more than 90% of employees fully vaccinated.

The Group continues to prioritise safety and well-being of employees, customers and suppliers. Beside strict adherence to safety and health standard operating procedures, a bi-weekly antigen RTK self-testing was implemented in all operations of the Group.

With the economy reopening under the NRP, we anticipate for the demand for cables and wires to increase in line with the accelerated economic activity. The Group's outlook remains resilient and is continuing with the business expansion plans to support the demands from existing and new customers.

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.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
B5. Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	61	2,338	2,370	6,630
Effective tax rate (%)	4.22	24.17	22.73	28.69
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group for the current quarter and financial year-to-date was lower than the statutory tax rate mainly due to adjustment for over provision of tax liabilities in the year ended 31 December 2020.

B6. Status of Corporate Proposals

On 28 April 2021, MIDF Amanah Investment Bank Berhad had, on behalf of the Board of Directors of Southern Cable, announced that the Company proposes to undertake the transfer of the listing of and quotation for the entire issued share capital of Southern Cable from the ACE Market to Main Market of Bursa Securities ("**Transfer**"). The Transfer was completed on 28 October 2021.

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.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
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 RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation from the date of listing
Capital expenditure and expansion				Within 36 months
- Purchase and upgrade of new machinery and equipment	18,500	13,623	4,877	
- Construction of factories	7,500	-	7,500	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	80	3,920	
	30,000	13,703	16,297	
Repayment of bank borrowings	9,188	9,188	-	Within 6 months
Working capital	27,490	27,490	-	Within 6 months
Estimated listing expenses	4,500	4,500	-	Within 3 months
Total	71,178	54,881	16,297	

The use of proceeds as disclosed above should be read together with the Prospectus.

B8. Borrowings

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

	Unaudited 30.09.2021 RM'000	Audited 31.12.2020 RM'000
Non-current		
Term loans	5,134	2,749
Finance lease liabilities	3,566	5,264
	8,700	8,013
Current		
Term loans	1,645	8,020
Finance lease liabilities	2,148	2,574
Bankers' acceptance	79,380	106,327
Bank overdraft	-	-
	83,173	116,921
Total	91,873	124,934

All the borrowings are secured and denominated in Ringgit Malaysia.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
B9. Material Litigation

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

B10. Proposed Dividends

No dividends were declared or recommended for payment by the Board of Directors of the Company during the current quarter.

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:

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>Unaudited</u> <u>30.09.2021</u>	<u>Unaudited</u> <u>30.09.2020</u>	<u>Unaudited</u> <u>30.09.2021</u>	<u>Unaudited</u> <u>30.09.2020</u>
Profit attributable to owners of the Company (RM'000)	1,383	7,337	8,058	16,483
Weighted average number of shares ('000)	800,000	590,652	800,000	590,652
Basic/Diluted EPS (sen) ⁽¹⁾⁽²⁾	0.17	1.24	1.01	2.79

Notes:

- (1) 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.
- (2) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the quarter and financial period/year-to-date.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000
Interest income	(165)	(83)	(840)	(448)
Interest expenses	1,737	1,719	4,185	5,124
Bad debts recovered	-	-	-	(20)
Loss on foreign exchange	40	-	213	-
Amortisation/depreciation of investment properties	2	2	5	5
Amortisation/depreciation of property, plant and equipment	1,281	844	3,374	2,454
Depreciation of right-of-use assets	623	824	2,046	2,554

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

B13. Derivative Financial Instruments

The Group has entered into forward foreign exchange contracts in the 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 2021 was RM38.60 million. The derivative financial assets of RM0.22 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.