



SOUTHERN CABLE GROUP BERHAD

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

Interim Financial Report

For The Fourth Quarter Ended

31 December 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited	Unaudited	Unaudited	Audited
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	204,022	170,081	659,939	562,727
Cost of sales		(191,677)	(154,974)	(620,724)	(506,831)
Gross profit		12,345	15,107	39,215	55,896
Other income		-	1,226	1,943	2,082
Distribution expenses		(2,917)	(2,872)	(9,970)	(9,499)
Administrative expenses		(3,887)	(5,282)	(11,032)	(12,060)
Other expenses		(9)	(6)	(11)	(9)
Operating profit	B12	5,532	8,173	20,145	36,410
Finance costs		(1,654)	(1,272)	(5,839)	(6,396)
Profit before tax		3,878	6,901	14,306	30,014
Income tax expense	B5	(1,007)	(2,122)	(3,377)	(8,752)
Profit/Total comprehensive income for the financial period/year		2,871	4,779	10,929	21,262
Profit/Total comprehensive income for the financial period/year after taxation attributable to:					
Owners of the Company		2,871	4,779	10,929	21,262
		2,871	4,779	10,929	21,262
Earnings per Share					
Basic/Diluted (sen) ⁽²⁾⁽³⁾	B11	0.36	0.97	1.37	4.32



**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 31.12.2021 RM'000	Audited as at 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	39,152	24,551
Right-of-use assets	47,683	46,572
Investment properties	523	530
	87,358	71,653
Current Assets		
Inventories	182,529	88,955
Current tax assets	5,985	82
Trade and other receivables	199,292	158,142
Cash and short-term deposits	35,411	129,420
	423,217	376,599
TOTAL ASSETS	510,575	448,252
EQUITY AND LIABILITIES		
Equity		
Share capital	217,656	217,656
Retained earnings	178,281	170,552
Reserves	(120,947)	(120,947)
Total equity	274,990	267,261
Non-current Liabilities		
Loans and borrowings	8,520	8,013
Lease liabilities	41	5
Deferred tax liabilities	5,453	3,027
	14,014	11,045
Current Liabilities		
Loans and borrowing	157,976	116,921
Lease liabilities	94	51
Provisions	387	177
Current tax liabilities	248	445
Trade and other payables	62,259	52,203
Derivative financial liabilities	607	149
	221,571	169,946
TOTAL LIABILITIES	235,585	180,991
TOTAL EQUITY AND LIABILITIES	510,575	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the Company			Total equity RM'000
	Non-Distributable		Distributable	
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2021 (Audited)	217,656	(120,947)	170,552	267,261
Profit for the financial year representing total comprehensive income for the financial year (Unaudited)	-	-	10,929	10,929
Transaction with owners: Dividend paid	-	-	(3,200)	(3,200)
Balance as at 31 December 2021 (Unaudited)	217,656	(120,947)	178,281	274,990

	Attributable to owners of the Company			Total equity RM'000
	Non-Distributable		Distributable	
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2020 (Audited)	147,663	(120,947)	149,290	176,006
Profit for the financial year representing total comprehensive income for the financial year (Audited)	-	-	21,262	21,262
Transactions with owners				
Shares issued for the public issue	71,178	-	-	71,178
Shares issuance expenses	(1,185)	-	-	(1,185)
Balance as at 31 December 2020 (Audited)	217,656	(120,947)	170,552	267,261

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 31.12.2021 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.12.2020 Audited RM'000
Cash flows from operating activities		
Profit before tax	14,306	30,014
Adjustments for:		
Amortisation/depreciation of investment properties	6	6
Amortisation/depreciation of property, plant and equipment	4,706	3,394
Depreciation of right-of-use assets	2,680	3,297
Bad debts recovered	-	(20)
Fair value loss on derivative financial instruments	459	64
Gain on disposal of property, plant and equipment	(47)	(33)
Interest expenses	5,839	6,396
Interest income	(1,009)	(1,554)
Provision for employee benefit (net)	210	(80)
Property, plant and equipment written off	-	1
Right-of-use assets written off	8	-
Unrealised (gain)/loss on foreign exchange	(574)	571
Operating profit before changes in working capital	26,584	42,056
Changes in working capital:		
Inventories	(93,574)	(26,821)
Trade and other receivables	(40,633)	20,421
Trade and other payables	10,113	16,980
Net cash (used in)/generated from operations	(97,510)	52,636
Income tax paid	(7,051)	(10,162)
Income tax refunded	-	107
Interest received	1,009	1,554
Interest paid	(284)	(186)
Net cash (used in)/from operating activities	(103,836)	43,949

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

	CURRENT YEAR TO-DATE 31.12.2021 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.12.2020 Audited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,560)	(4,425)
Purchase of right-of-use assets	(5,368)	(401)
Proceeds from disposal of property, plant and equipment	47	36
Change in pledged deposits	44,192	(2,975)
Change in pledged bank balances	683	(683)
Net cash from/(used in) investing activities	21,994	(8,448)
Cash flows from financing activities		
Interest paid	(5,554)	(6,210)
Repayment of term loans	(4,419)	(1,468)
Repayment of finance lease liabilities	(2,278)	(5,789)
Repayment of lease liabilities	(99)	(92)
Drawdown of bankers' acceptance	662,680	510,601
Repayment of bankers' acceptance	(614,421)	(534,236)
Issuance of share capital	-	71,178
Dividend paid to shareholders	(3,200)	-
Net cash from financing activities	32,709	33,984
Net (decrease)/increase in cash and cash equivalents	(49,133)	69,485
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	33,556	82,689

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 6 April 2021.

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 31 December 2021						
Revenue:						
Revenue from external customers	174,257	2,477	4,620	22,668	-	204,022
Inter-segment revenue	-	-	-	7,868	(7,868)	-
	<u>174,257</u>	<u>2,477</u>	<u>4,620</u>	<u>30,536</u>	<u>(7,868)</u>	<u>204,022</u>
Segment profit	10,203	240	356	1,593	(47)	12,345
Other income						-
Unallocated expenses						(6,813)
Finance costs						(1,654)
Income tax expenses						(1,007)
Profit for the financial period						<u>2,871</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						8,241
Depreciation and amortisation						1,967



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 31 December 2020						
Revenue:						
Revenue from external customers	145,132	3,773	6,919	14,257	-	170,081
Inter-segment revenue	-	-	-	7,343	(7,343)	-
	<u>145,132</u>	<u>3,773</u>	<u>6,919</u>	<u>21,600</u>	<u>(7,343)</u>	<u>170,081</u>
Segment profit	13,031	581	857	613	25	15,107
Other income						1,226
Unallocated expenses						(8,160)
Finance costs						(1,272)
Income tax expenses						(2,122)
Profit for the financial period						<u>4,779</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						8,044
Depreciation and amortisation						1,684



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 31 December 2021						
Revenue:						
Revenue from external customers	572,607	13,703	14,669	58,960	-	659,939
Inter-segment revenue	-	-	-	24,290	(24,290)	-
	<u>572,607</u>	<u>13,703</u>	<u>14,669</u>	<u>83,250</u>	<u>(24,290)</u>	<u>659,939</u>
Segment profit	33,134	1,291	1,131	3,655	4	39,215
Other income						1,943
Unallocated expenses						(21,013)
Finance costs						(5,839)
Income tax expenses						<u>(3,377)</u>
Profit for the financial year						<u>10,929</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						27,844
Depreciation and amortisation						7,392



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 31 December 2020						
Revenue:						
Revenue from external customers	458,424	21,708	28,154	54,441	-	562,727
Inter-segment revenue	-	-	-	26,111	(26,111)	-
	<u>458,424</u>	<u>21,708</u>	<u>28,154</u>	<u>80,552</u>	<u>(26,111)</u>	<u>562,727</u>
Segment profit	46,026	3,405	3,554	2,856	55	55,896
Other income						2,082
Unallocated expenses						(21,568)
Finance costs						(6,396)
Income tax expenses						<u>(8,752)</u>
Profit for the financial year						<u>21,262</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						26,042
Depreciation and amortisation						6,697

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 31.12.2021 RM'000	Audited as at 31.12.2020 RM'000
Bank guarantee		
- Trade facilities	14,693	20,433
- Contract financing for performance bonds and guarantee	14,525	20,384
	<u>29,218</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 31.12.2021 RM'000	Audited as at 31.12.2020 RM'000
Capital expenditures contracted but not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	2,018	7,150
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	9,402	21,051
	<u>11,420</u>	<u>28,201</u>

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Rental expenses charged by a person connected to a director	13	13	54	54

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

(a) Result for current quarter

	QUARTER ENDED		Variance	
	Current Quarter	Preceding Corresponding Quarter	RM'000	%
	31.12.2021 RM'000	31.12.2020 RM'000	RM'000	%
Revenue	204,022	170,081	33,941	19.96
Profit before Tax	3,878	6,901	(3,023)	(43.81)

In the current quarter ended 31 December 2021, the Group recorded revenue of RM204.02 million compared with RM170.08 million for the corresponding quarter in the preceding year ended 31 December 2020, an increase of RM33.94 million or 19.96%.

Geographically, the Malaysian market remained the largest market contributing to the Group's revenue, accounting for approximately 97.64% of the total revenue for the current quarter ended 31 December 2021.

The power cables and wires segment accounted for RM174.26 million or 85.41% of the group's total revenue for the current quarter, an increase of RM29.13 million or 20.07% from RM145.13 million in the corresponding quarter in the preceding year. The revenue growth is attributed to higher sales volume, as well as increased average selling prices in line with uptrend in international prices for metal-based materials, namely copper and aluminium.

The balance RM29.77 million or 14.59% of total group revenue was derived from communication cables and wires segment, control and instrumentation cables and wires segment, and others. Overall, revenue from these segments increased by RM4.82 million or 19.30% from RM24.95 million in the corresponding quarter in the preceding year, mainly attributed by higher sales of rectifier system. The increase was partially offset by the decrease in revenue from the communication cables and wires as well as control and instrumentation cables and wires.

The Group recognised profit before tax of RM3.88 million in the current quarter compared with RM6.90 million in the corresponding quarter in the preceding year, a decrease of RM3.02 million or 43.81%. This was due to higher cost of metal-based materials, plastic, sawn timber and transportation cost.

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

(b) Result for financial year-to-date

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 31.12.2021 RM'000	Preceding Year to Date 31.12.2020 RM'000	RM'000	%
Revenue	659,939	562,727	97,212	17.28
Profit before tax	14,306	30,014	(15,708)	(52.34)

The Group recorded revenue of RM659.94 million for the current financial year ended 31 December 2021 as compared with RM562.73 million for the preceding financial year ended 31 December 2020, an increase of RM97.21 million or 17.28%.

The Malaysian market remained the largest market contributing to the Group's revenue, accounting for approximately 97.17% of the total revenue for the current financial year ended 31 December 2021.

The power cables and wires segment accounted for RM572.61 million or 86.77% of the total revenue for the current year, an increase of RM114.19 million or 24.91% from RM458.42 million in the preceding financial year ended 31 December 2020. This was attributed to higher sales volume, as well as higher average selling prices of cables and wires to account for the increase in metal-based material costs for ongoing contracts.

The balance RM87.33 million or 13.23% of total group revenue was derived from communication cables and wires segment, control and instrumentation cables and wires segment, and others. Overall, revenue from these segments decreased by RM16.97 million or 16.27% from RM104.30 million in the preceding financial year ended 31 December 2020 on lower orders.

The Group recognised profit before tax of RM14.31 million in the current financial year ended 31 December 2021 as compared with RM30.01 million for the preceding financial year, a decrease of RM15.71 million or 52.34%. The decline in profit before tax was mainly due to higher cost of metal-based materials, plastic, sawn timber and impact on operational workforce availability during the various Movement Control Orders ("MCO") from May to August 2021, as well as supply chain disruptions.

Apart from that, the Group incurred one-off transfer listing expenses of RM0.73 million in the current quarter of the current financial year ended 31 December 2021.

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

	INDIVIDUAL QUARTER		Variance	
	Current Quarter 31.12.2021 RM'000	Preceding Quarter 30.09.2021 RM'000	RM'000	%
Revenue	204,022	127,200	76,822	60.39
Profit before tax	3,878	1,444	2,434	168.56

The Group's revenue for the current quarter increased by 60.39% to RM204.02 million from RM127.20 million in the preceding quarter. The revenue growth was mainly attributed to increased sales of low and medium voltage power cables and wires, as the Group ramped up manufacturing activity to cater to higher demand following the implementation of the National Recovery Plan ("NRP") since October 2021.

The Group recorded a 168.56% increase in profit before tax from RM1.44 million in the preceding quarter to RM3.88 million in the current quarter. The increase in the profit before tax was mainly attributed to the higher revenue and favourable product mix.

Apart from that, the Group incurred one-off transfer listing expenses of RM0.73 million in the current quarter.

B3. Commentary of Prospects

With the NRP fully enforced since fourth quarter of 2021, the Group has seen increasing orders for cables and wires from key sectors such as power, renewable energy, telecommunication, construction and infrastructure, as well as manufacturing and processing industries including oil and gas processing and petrochemical plants.

Additionally, the Group's orders in hand (comprising unbilled purchase orders and outstanding order book) totals RM675.00 million as at 31 December 2021. This includes the RM30.40 million contract to supply rectifier systems to Telekom Malaysia Berhad, and the RM18.50 million contract to supply underground cables and conductors to Tenaga Nasional Berhad. Overall, the Group's orders in hand are expected to be recognised in the next 2 years.

To address the volatility of raw material costs, the Group will continue to assess and adjust pricing for its new contracts. At the same time, the Group will continue to enhance manufacturing efficiency by improving daily production output.

Barring unforeseen circumstances, the Group has a positive outlook towards its performance in the financial year ending 31 December 2022.

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 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
In respect of current period:				
Income tax	1,007	2,122	3,377	8,752
Effective tax rate (%)	25.97	30.75	23.61	29.16
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group for the current quarter was higher mainly due to increase in deferred tax whereas for financial year-to-date was lower than the statutory tax rate mainly due to higher claim of capital allowance and reinvestment allowance for new machineries.

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	14,987	3,513	
- Construction of factories	7,500	-	7,500	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	80	3,920	
	30,000	15,067	14,933	
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	56,245	14,933	

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 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Non-current		
Term loans	5,049	2,749
Finance lease liabilities	3,471	5,264
	8,520	8,013
Current		
Term loans	1,301	8,020
Finance lease liabilities	2,089	2,574
Bankers' acceptance	154,586	106,327
	157,976	116,921
Total	166,496	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

The Board of Directors have proposed a final single tier dividend of 0.21sen per ordinary share, amounting to approximately RM1.68million for the financial year ended 31 December 2021. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

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>31.12.2021</u>	<u>Unaudited</u> <u>31.12.2020</u>	<u>Unaudited</u> <u>31.12.2021</u>	<u>Audited</u> <u>31.12.2020</u>
Profit attributable to owners of the Company (RM'000)	2,871	4,779	10,929	21,262
Weighted average number of shares ('000)	800,000	491,874	800,000	491,874
Basic/Diluted EPS (sen) ⁽¹⁾⁽²⁾	0.36	0.97	1.37	4.32

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 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Interest income	(169)	(1,106)	(1,009)	(1,554)
Interest expenses	1,654	1,272	5,839	6,396
Bad debts recovered	-	-	-	(20)
Loss on foreign exchange	46	-	259	-
Amortisation/depreciation of investment properties	1	1	6	6
Amortisation/depreciation of property, plant and equipment	1,332	940	4,706	3,394
Depreciation of right-of-use assets	634	743	2,680	3,297

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 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 31 December 2021 was RM70.88 million. The derivative financial liabilities of RM0.61 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.