



**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 2022**

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

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	238,011	127,200	637,702	455,917
Cost of sales		(225,760)	(120,077)	(604,357)	(429,047)
<b>Gross profit</b>		<b>12,251</b>	<b>7,123</b>	<b>33,345</b>	<b>26,870</b>
Other income		1,509	576	3,378	2,159
Distribution expenses		(3,474)	(2,012)	(9,700)	(7,053)
Administrative expenses		(2,741)	(2,505)	(7,464)	(7,361)
Other expenses		(9)	(1)	(12)	(2)
<b>Operating profit</b>	B12	<b>7,536</b>	<b>3,181</b>	<b>19,547</b>	<b>14,613</b>
Finance costs		(2,462)	(1,737)	(6,174)	(4,185)
<b>Profit before tax</b>		<b>5,074</b>	<b>1,444</b>	<b>13,373</b>	<b>10,428</b>
Income tax expense	B5	(1,316)	(61)	(3,396)	(2,370)
<b>Profit/Total comprehensive income for the financial period</b>		<b>3,758</b>	<b>1,383</b>	<b>9,977</b>	<b>8,058</b>
<b>Profit/Total comprehensive income for the financial period after taxation attributable to:</b>					
Owners of the Company		3,758	1,383	9,977	8,058
		<b>3,758</b>	<b>1,383</b>	<b>9,977</b>	<b>8,058</b>
<b>Earnings per Share</b>					
Basic/Diluted (sen) <sup>(2)(3)</sup>	B11	0.47	0.17	1.25	1.01



**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 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 2021 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<sup>(1)</sup>**

	<b>Unaudited as at 30.09.2022 RM'000</b>	<b>Audited as at 31.12.2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	49,342	43,559
Right-of-use assets	41,098	43,375
Investment properties	518	523
<b>Total non-current assets</b>	<b>90,958</b>	<b>87,457</b>
<b>Current Assets</b>		
Inventories	199,890	182,529
Current tax assets	6,027	5,985
Trade and other receivables	222,278	199,325
Derivative financial assets	649	-
Cash and short-term deposits	19,849	35,411
<b>Total current assets</b>	<b>448,693</b>	<b>423,250</b>
<b>TOTAL ASSETS</b>	<b>539,651</b>	<b>510,707</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	217,656	217,656
Retained earnings	186,555	178,258
Reserves	(120,947)	(120,947)
<b>Total equity</b>	<b>283,264</b>	<b>274,967</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	6,178	8,629
Deferred tax liabilities	5,501	5,490
<b>Total non-current liabilities</b>	<b>11,679</b>	<b>14,119</b>
<b>Current Liabilities</b>		
Loans and borrowings	191,618	158,101
Provisions	342	387
Current tax liabilities	151	239
Trade and other payables	52,597	62,287
Derivative financial liabilities	-	607
<b>Total current liabilities</b>	<b>244,708</b>	<b>221,621</b>
<b>TOTAL LIABILITIES</b>	<b>256,387</b>	<b>235,740</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>539,651</b>	<b>510,707</b>
Number of issued shares ('000)	800,000	800,000
Net assets per share attributable to owners of the company (RM)	0.35	0.34



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup> (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 2021 and the accompanying explanatory notes attached to this interim financial report.

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

	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	
<b>Balance as at 1 January 2022 (Audited)</b>	217,656	(120,947)	178,258	274,967
Profit for the financial period representing total comprehensive income for the financial period (Unaudited)	-	-	9,977	9,977
Transaction with owners: Dividend payable	-	-	(1,680)	(1,680)
<b>Balance as at 30 September 2022 (Unaudited)</b>	217,656	(120,947)	186,555	283,264

	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	
<b>Balance as at 1 January 2021 (Audited)</b>	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)
<b>Balance as at 30 September 2021 (Unaudited)</b>	217,656	(120,947)	175,410	272,119

**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 2021 and the accompanying explanatory notes attached to this interim financial report.

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

	CURRENT YEAR TO-DATE 30.09.2022 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.09.2021 Unaudited RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	13,372	10,428
Adjustments for:		
Amortisation/depreciation of investment properties	5	5
Amortisation/depreciation of property, plant and equipment	4,196	3,374
Depreciation of right-of-use assets	1,739	2,046
Fair value gain on derivative financial instruments	(1,256)	(366)
Interest expenses	6,174	4,185
Interest income	(144)	(840)
Loss on disposal of property, plant and equipment	3	-
Provision for employee benefit (net)	(46)	165
Right-of-use assets written off	-	8
Unrealised gain on foreign exchange	(850)	(534)
<b>Operating profit before changes in working capital</b>	<b>23,193</b>	<b>18,471</b>
Changes in working capital:		
Inventories	(17,361)	(21,189)
Trade and other receivables	(22,059)	34,444
Trade and other payables	(9,733)	(24,730)
Net cash (used in)/generated from operations	(25,960)	6,996
Income tax paid	(3,515)	(5,753)
Interest received	145	840
Interest paid	(198)	(218)
<b>Net cash (used in)/from operating activities</b>	<b>(29,528)</b>	<b>1,865</b>

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

	CURRENT YEAR TO-DATE 30.09.2022 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.09.2021 Unaudited RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,121)	(14,064)
Purchase of right-of-use assets	(192)	(4,813)
Proceed from disposal of property, plant and equipment	1	-
Change in pledged deposits	5,065	44,205
Change in pledged bank balances	-	683
<b>Net cash (used in)/from investing activities</b>	<b>(4,247)</b>	<b>26,011</b>
<b>Cash flows from financing activities</b>		
Interest paid	(5,976)	(3,967)
Repayment of term loans	(1,225)	(3,989)
Repayment of lease liabilities	(1,816)	(2,200)
Drawdown of bankers' acceptance	654,126	436,131
Repayment of bankers' acceptance	(620,151)	(463,077)
Dividend paid to shareholders	(1,680)	(3,200)
<b>Net cash from/(used in) financing activities</b>	<b>23,278</b>	<b>(40,302)</b>
Net decrease in cash and cash equivalents	(10,497)	(12,426)
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>30,213</b>	<b>82,689</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>19,716</b>	<b>70,263</b>

**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 2021 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 2021 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 2021, except for the following amendments/improvements to MFRSs which are relevant and mandatory for the current financial period:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of MFRSs ^
MFRS 3	Business Combinations
MFRS 9	Financial Instruments ^
MFRS 16	Leases ^
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture ^

^ *The Annual Improvements to MFRSs 2018-2020.*

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 2021.

**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**

The Company declared a final dividend of 0.21 sen per ordinary share amounting to RM1.68 million in respect of the financial year end 31 December 2021. The final dividend has been paid by the Company on 29 July 2022 to shareholders whose names appeared in the Record of Depositors at the close of business on 15 July 2022.



**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 and wires</b>	<b>Communication cables and wires</b>	<b>Control and instrumentation cables and wires</b>	<b>Others</b>	<b>Adjustment and 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 2022</b>						
<b>Revenue:</b>						
Revenue from external customers	205,126	3,958	2,525	26,402	-	238,011
Inter-segment revenue	-	-	-	9,038	(9,038)	-
	<u>205,126</u>	<u>3,958</u>	<u>2,525</u>	<u>35,440</u>	<u>(9,038)</u>	<u>238,011</u>
<b>Segment profit</b>	10,590	419	218	1,078	(54)	12,251
Other income						1,509
Unallocated expenses						(6,224)
Finance costs						(2,462)
Income tax expenses						<u>(1,316)</u>
Profit for the financial period						<u>3,758</u>
<b>Result:</b>						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						7,698
Depreciation and amortisation						2,101



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
<b>Preceding quarter 30 September 2021</b>						
<b>Revenue:</b>						
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>
<b>Segment profit</b>	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>
<b>Result:</b>						
<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
<b>Year-to-date 30 September 2022</b>						
<b>Revenue:</b>						
Revenue from external customers	541,971	9,417	10,832	75,482	-	637,702
Inter-segment revenue	-	-	-	26,140	(26,140)	-
	<u>541,971</u>	<u>9,417</u>	<u>10,832</u>	<u>101,622</u>	<u>(26,140)</u>	<u>637,702</u>
<b>Segment profit</b>	28,386	1,018	892	3,003	46	33,345
Other income						3,378
Unallocated expenses						(17,176)
Finance costs						(6,174)
Income tax expenses						<u>(3,396)</u>
Profit for the financial period						<u>9,977</u>
<b>Result:</b>						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						21,438
Depreciation and amortisation						5,940



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
<b>Year-to-date 30 September 2021</b>						
<b>Revenue:</b>						
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>
<b>Segment profit</b>	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						<u>(2,370)</u>
Profit for the financial period						<u>8,058</u>
<b>Result:</b>						
<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)**
**A10. Material Events Subsequent to the End of the Current Quarter**

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.

	<b>Unaudited as at 30.09.2022 RM'000</b>	<b>Audited as at 31.12.2021 RM'000</b>
Bank guarantee		
- Trade facilities	15,271	14,693
- Contract financing for performance bonds and guarantee	31,117	14,525
	<u>46,388</u>	<u>29,218</u>

**A13. Capital Commitments**

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

	<b>Unaudited as at 30.09.2022 RM'000</b>	<b>Audited as at 31.12.2021 RM'000</b>
Capital expenditures contracted but not provided for:		
- Construction of building,	-	2,018
- Purchase of machineries, factory equipments and Enterprise Resource Planning information technology system.	2,995	-
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	7,884	9,402
	<u>10,879</u>	<u>11,420</u>

**A14. Related Party Transactions**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>Unaudited 30.09.2022 RM'000</b>	<b>Unaudited 30.09.2021 RM'000</b>	<b>Unaudited 30.09.2022 RM'000</b>	<b>Unaudited 30.09.2021 RM'000</b>
Rental expenses charged by a person connected to a director	14	14	41	41

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

## (a) Result for current quarter

	QUARTER ENDED		Variance RM'000	%
	Current Quarter	Preceding Corresponding Quarter		
	30.09.2022 RM'000	30.09.2021 RM'000		
Revenue	238,011	127,200	110,811	87.12
Profit before Tax	5,074	1,444	3,630	251.39

In the current quarter ended 30 September 2022, the Group recorded revenue of RM238.01 million in comparison to RM127.20 million, an increase of RM110.81 million or 87.12%, on higher utilisation compared to the previous corresponding quarter ended 30 September 2021, which was affected by the Movement Control Order.

Geographically, the Malaysian market remained the largest contributor to group revenue, accounting for approximately 97.60% of total revenue for the current quarter ended 30 September 2022. In absolute terms, Malaysia sales grew 90.56% from a year ago.

The power cables and wires segment accounted for RM205.13 million or 86.18% of the Group's total revenue for the current quarter, an increase of RM99.12 million or 93.51% from RM106.00 million in the previous corresponding quarter. The revenue growth was attributed to higher sales volume, and increased average selling prices of cables and wires in line with the price increase of metal-based materials such as copper and aluminium, as well as non-metal-based materials including plastic and sawn timber.

The balance RM32.88 million or 13.82% of total group revenue was derived from the communication cables and wires segment, control and instrumentation cables and wires segment, and others. Overall, revenue from these segments increased by RM11.68 million or 55.09% from RM21.20 million in the previous corresponding quarter, mainly attributed to higher sales of aluminium rods.

The Group recognised profit before tax of RM5.07 million in the current quarter compared with RM1.44 million in the previous corresponding quarter, an increase of RM3.63 million or 251.39%, attributed to the higher revenue and other income, and contained administrative expenses compared to topline growth.



**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

(b) Result for financial period-to-date

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 30.09.2022 RM'000	Preceding Year to Date 30.09.2021 RM'000	RM'000	%
Revenue	637,702	455,917	181,785	39.87
Profit before tax	13,373	10,428	2,945	28.24

The Group recorded revenue of RM637.70 million for the current financial period ended 30 September 2022 as compared with RM455.92 million for the preceding financial period ended 30 September 2021, an increase of RM181.79 million or 39.87%.

The Malaysian market remained the largest contributor to group revenue, accounting for approximately 97.16% of total revenue for the current financial period ended 30 September 2022.

The power cables and wires segment accounted for RM541.97 million or 84.99% of the Group's total revenue for the current financial period ended 30 September 2022, an increase of RM143.62 million or 36.05% from RM398.35 million in the preceding financial period ended 30 September 2021. The revenue growth was attributed to higher sales volume, and increased average selling prices of cables and wires in line with the price increase of metal-based materials such as copper and aluminium, as well as non-metal-based materials including plastic and sawn timber.

The balance RM95.73 million or 15.01% of total group revenue was derived from the communication cables and wires segment, control and instrumentation cables and wires segment, and others. Overall, revenue from these segments increased by RM37.50 million or 66.28% from RM57.57 million for the preceding financial period ended 30 September 2021, mainly attributed to higher sales of aluminium rods.

The Group recognised profit before tax of RM13.37 million in the current financial period ended 30 September 2022 as compared with RM10.43 million for the preceding financial period ended 30 September 2021, an increase of RM2.95 million or 28.24%.

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

	INDIVIDUAL QUARTER		Variance	
	Current Quarter 30.09.2022 RM'000	Preceding Quarter 30.06.2022 RM'000	RM'000	%
Revenue	238,011	214,550	23,461	10.93
Profit before tax	5,074	4,818	256	5.31

The Group's revenue for the current quarter increased by 10.93% to RM238.01 million from RM214.55 million in the preceding quarter, mainly due to higher sales of power cables and wires.

The Group recorded a 5.31% increase in profit before tax from RM4.82 million in the preceding quarter to RM5.07 million in the current quarter in line with the higher revenue but was partially offset by the increased finance cost.

**B3. Commentary of Prospects**

Since the Movement Control Order was lifted in April 2022, projects across all sectors and business activities have gradually recommenced, enabling the nation to record gross domestic product growth of 14.2% year-on-year in third quarter of 2022.

Notably, key mega-infrastructure projects under the RM75.6 billion development expenditure allocated in Budget 2022, such as East Coast Rail Link, Mass Rapid Transit 3 and Pan Borneo Highway have also resumed works and tenders. The anticipated rollout is expected to positively impact demand for cables and wires from key sectors including power, renewable energy, telecommunication, construction, as well as manufacturing and processing industries.

Meanwhile, the Group's current orders in hand (comprising unbilled purchase orders and outstanding order book) stood at RM752.9 million. These include the RM293.8 million and RM83.2 million power cables and conductors supply contracts from Tenaga Nasional Berhad and Sarawak Energy Berhad secured in July 2022 and November 2022 respectively. The Group's orders in hand are expected to provide financial visibility until 2024.

Following the delivery of trial orders to the Group's US-based customer in the third quarter of 2022, the Group hopes to secure a distributorship agreement to supply cables and wires to be the launchpad for Southern Cable's revenue stream from the US market. The Group is targeting more than RM100 million sales to the US for the financial year ending 31 December 2023.

Additionally, the Group currently has a tender book of more than RM130.0 million for power cable and conductor supply contracts in Malaysia.

To address the volatility of raw material costs, Southern Cable will continue to assess and adjust pricing for its new contracts. At the same time, the Group has obtained approval from the Ministry of Human Resources to hire new workers. These additional hands would help enhance manufacturing efficiency, and improve daily production output to fulfil customers demand.

Barring unforeseen circumstances, Southern Cable's outlook remains positive for the financial year ending 31 December 2022.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**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	Unaudited	Unaudited
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
Income tax	1,316	61	3,396	2,370
Effective tax rate (%)	25.94	4.22	25.39	22.73
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 higher than the statutory tax rate mainly due to non-deductible expenses.

**B6. Status of Corporate Proposals**

The shareholders had on 11 October 2022 during the Extraordinary General Meeting, approved the propose bonus issue of 400,000,000 warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held in Southern Cable ("Bonus Issue with Warrants"). The exercise price of the warrants was fixed at RM0.275 per warrant.

The Bonus Issue with Warrants has been completed on 4 November 2022 following the listing and quotation of 400,000,000 on the Main Market of Bursa Securities.

There are no other corporate proposals announced by the Company 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:

<b>Detail of utilisation</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance Unutilised RM'000</b>	<b>Intended timeframe for utilisation from the date of listing</b>
Capital expenditure and expansion				Within 36 months
- Purchase and upgrade of new machinery and equipment	18,500	18,500	-	
- Construction of factories	7,500	1,301	6,199	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	213	3,787	
	<b>30,000</b>	<b>20,014</b>	<b>9,986</b>	
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
<b>Total</b>	<b>71,178</b>	<b>61,192</b>	<b>9,986</b>	

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:

	<b>Unaudited 30.09.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
<b>Non-current</b>		
Term loans	4,035	5,049
Lease liabilities	2,143	3,580
	<b>6,178</b>	<b>8,629</b>
<b>Current</b>		
Term loans	1,089	1,301
Lease liabilities	1,967	2,215
Bankers' acceptance	188,562	154,586
	<b>191,618</b>	<b>158,102</b>
<b>Total</b>	<b>197,796</b>	<b>166,731</b>

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 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:

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>Unaudited</u> <u>30.09.2022</u>	<u>Unaudited</u> <u>30.09.2021</u>	<u>Unaudited</u> <u>30.09.2022</u>	<u>Unaudited</u> <u>30.09.2021</u>
Profit attributable to owners of the Company (RM'000)	3,758	1,383	9,977	8,058
Weighted average number of shares ('000)	800,000	800,000	800,000	800,000
Basic/Diluted EPS (sen) <sup>(1)(2)</sup>	0.47	0.17	1.25	1.01

**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 30.09.2022 RM'000	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2022 RM'000	Unaudited 30.09.2021 RM'000
Interest income	(41)	(165)	(144)	(840)
Interest expenses	2,462	1,737	6,174	4,185
Amortisation/depreciation of investment properties	2	2	5	5
Amortisation/depreciation of property, plant and equipment	1,527	1,281	4,196	3,374
Depreciation of right-of-use assets	572	623	1,739	2,046

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 30 September 2022 was RM26.38 million. The derivative financial assets of RM0.65 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.