



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 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	273,747	238,011	746,528	637,702
Cost of sales		(255,871)	(225,760)	(700,910)	(604,357)
Gross profit		17,876	12,251	45,618	33,345
Other income		1,112	1,509	4,723	3,378
Distribution expenses		(4,181)	(3,474)	(11,316)	(9,700)
Administrative expenses		(3,986)	(2,741)	(9,204)	(7,464)
Other expenses		(1)	(9)	(1)	(12)
Operating profit	B12	10,820	7,536	29,820	19,547
Finance costs		(2,182)	(2,462)	(7,277)	(6,174)
Profit before tax		8,638	5,074	22,543	13,373
Income tax expense	B5	(2,112)	(1,316)	(5,531)	(3,396)
Profit/Total comprehensive income for the financial period		6,526	3,758	17,012	9,977
Profit/Total comprehensive income for the financial period after taxation attributable to:					
Owners of the Company		6,526	3,758	17,012	9,977
		6,526	3,758	17,012	9,977
Earnings per Share					
Basic/Diluted (sen) ⁽²⁾⁽³⁾	B11	0.82	0.47	2.13	1.25



**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 2022 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 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	55,657	51,956
Right-of-use assets	39,307	40,389
Investment properties	512	517
Total non-current assets	95,476	92,862
Current Assets		
Inventories	171,055	223,256
Current tax assets	1,279	7,879
Trade and other receivables	259,155	224,663
Cash and short-term deposits	63,762	21,872
Derivative financial assets	261	-
Total current assets	495,512	477,670
TOTAL ASSETS	590,988	570,532
EQUITY AND LIABILITIES		
Equity		
Share capital	217,656	217,656
Retained earnings	205,895	191,123
Reserves	(120,947)	(120,947)
Total equity	302,604	287,832
Non-current Liabilities		
Loans and borrowings	8,579	6,184
Deferred tax liabilities	7,667	7,759
Total non-current liabilities	16,246	13,943
Current Liabilities		
Loans and borrowings	180,136	211,554
Provisions	319	221
Current tax liabilities	41	2
Trade and other payables	91,642	56,013
Derivative financial liabilities	-	967
Total current liabilities	272,138	268,757
TOTAL LIABILITIES	288,384	282,700
TOTAL EQUITY AND LIABILITIES	590,988	570,532
Number of issued shares ('000)	800,000	800,000
Net assets per share attributable to owners of the company (RM)	0.38	0.36

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 2022 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 2023 (Audited)	217,656	(120,947)	191,123	287,832
Profit for the financial period representing total comprehensive income for the financial period (Unaudited)	-	-	17,012	17,012
Transaction with owners: Dividend payable	-	-	(2,240)	(2,240)
Balance as at 30 September 2023 (Unaudited)	217,656	(120,947)	205,895	302,604

	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 2022 (Audited)	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)
Balance as at 30 September 2022 (Unaudited)	217,656	(120,947)	186,555	283,264

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 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE 30.09.2023 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.09.2022 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	22,543	13,372
Adjustments for:		
Amortisation/depreciation of investment properties	5	5
Amortisation/depreciation of property, plant and equipment	5,073	4,196
Depreciation of right-of-use assets	1,683	1,739
Fair value gain on derivative financial instruments	(1,228)	(1,256)
(Gain)/loss on disposal of property, plant and equipment	(268)	3
Interest expenses	7,277	6,174
Interest income	(501)	(144)
Provision for employee benefit (net)	98	(46)
Property, plant and equipment written off	2	-
Unrealised loss/(gain) on foreign exchange	292	(850)
Operating profit before changes in working capital	34,976	23,193
Changes in working capital:		
Inventories	52,201	(17,361)
Trade and other receivables	(34,735)	(22,059)
Trade and other payables	35,579	(9,733)
Net cash generated from/(used in) operations	88,021	(25,960)
Income tax paid	(1,315)	(3,515)
Income tax refunded	2,331	-
Interest received	501	145
Interest paid	(375)	(198)
Net cash from/(used in) operating activities	89,163	(29,528)

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

	CURRENT YEAR TO-DATE 30.09.2023 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.09.2022 Unaudited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,160)	(9,121)
Purchase of right-of-use assets	(427)	(192)
Proceed from disposal of property, plant and equipment	270	1
Change in pledged deposits	-	5,065
Net cash used in investing activities	(4,317)	(4,247)
Cash flows from financing activities		
Interest paid	(6,902)	(5,976)
Drawdown of term loan	778	-
Repayment of term loans	(826)	(1,225)
Drawdown of lease liabilities	2,367	-
Repayment of lease liabilities	(3,810)	(1,816)
Drawdown of bankers' acceptance	538,805	654,126
Repayment of bankers' acceptance	(571,128)	(620,151)
Dividend paid to shareholders	(2,240)	(1,680)
Net cash (used in)/from financing activities	(42,956)	23,278
Net increase/(decrease) in cash and cash equivalents	41,890	(10,497)
Cash and cash equivalents at the beginning of the financial period	21,840	30,213
Cash and cash equivalents at the end of the financial period	63,730	19,716

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 2022 and the accompanying explanatory notes attached to the interim financial report.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**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 2022 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 2022, except for the following New MFRS and amendments/improvements to MFRSs which are relevant and mandatory for the current financial period:

New MFRS

MFRS 17 Insurance Contracts

Amendments/Improvements to MFRSs

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards#

MFRS 3 Business Combinations#

MFRS 5 Non-current Assets Held for Sale and Discontinued Operations#

MFRS 7 Financial Instruments: Disclosures#

MFRS 9 Financial Instruments#

MFRS 10 Consolidated Financial Statements

MFRS 15 Revenue from Contracts with Customers#

MFRS 16 Leases

MFRS 17 Insurance Contracts

MFRS 101 Presentation of Financial Statements#

MFRS 107 Statements of Cash Flows#

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

MFRS 116 Property, Plant and Equipment#

MFRS 119 Employee Benefits#

MFRS 128 Investments in Associates and Joint Ventures#

MFRS 132 Financial Instruments: Presentation#

MFRS 136 Impairment of Assets#

MFRS 137 Provisions, Contingent Liabilities and Contingent Assets#

MFRS 138 Intangible Assets#

MFRS 140 Investment Property#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**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 2022.

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.

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 0.28 sen per ordinary share amounting to RM2.24 million in respect of the financial year ended 31 December 2022. The final dividend has been paid by the Company on 28 July 2023 to shareholders whose names appeared in the Record of Depositors at the close of business on 14 July 2023.



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 2023						
Revenue:						
Revenue from external customers	233,504	2,202	10,677	27,364	-	273,747
Inter-segment revenue	-	-	-	12,127	(12,127)	-
	<u>233,504</u>	<u>2,202</u>	<u>10,677</u>	<u>39,491</u>	<u>(12,127)</u>	<u>273,747</u>
Segment profit	15,016	427	1,443	1,289	(299)	17,876
Other income						1,112
Unallocated expenses						(8,168)
Finance costs						(2,182)
Income tax expenses						(2,112)
Profit for the financial period						<u>6,526</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						10,391
Depreciation and amortisation						2,313



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
Previous quarter 30 September 2022						
Revenue:						
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>
Segment profit	10,590	419	218	1,078	(54)	12,251
Other income						1,509
Unallocated expenses						(6,224)
Finance costs						(2,462)
Income tax expenses						(1,316)
Profit for the financial period						<u>3,758</u>
Result:						
<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
Year-to-date 30 September 2023						
Revenue:						
Revenue from external customers	646,499	7,443	22,395	70,191	-	746,528
Inter-segment revenue	-	-	-	31,107	(31,107)	-
	<u>646,499</u>	<u>7,443</u>	<u>22,395</u>	<u>101,298</u>	<u>(31,107)</u>	<u>746,528</u>
Segment profit	38,829	1,153	2,952	3,069	(385)	45,618
Other income						4,723
Unallocated expenses						(20,521)
Finance costs						(7,277)
Income tax expenses						(5,531)
Profit for the financial period						<u>17,012</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						28,115
Depreciation and amortisation						6,761



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 2022						
Revenue:						
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>
Segment profit	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>
Result:						
<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)
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.

	Unaudited as at 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
Bank guarantee		
- Trade facilities	17,784	19,360
- Contract financing for performance bonds and guarantee	26,606	31,167
	<u>44,390</u>	<u>50,527</u>

A13. Capital Commitments

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

	Unaudited as at 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
Capital expenditures contracted but not provided for:		
- Construction of building,	345	1,157
- Purchase of machineries and factory equipment,	346	5,374
- Enterprise Resource Planning information technology system	660	65
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	5,276	7,953
	<u>6,627</u>	<u>14,549</u>

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2022 RM'000	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2022 RM'000
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	
	Current Quarter 30.09.2023 RM'000	Previous Quarter 30.09.2022 RM'000	RM'000	%
Revenue	273,747	238,011	35,736	15.01
Profit before Tax	8,638	5,074	3,564	70.24

In the current quarter ended 30 September 2023, the Group recorded revenue of RM273.75 million compared with RM238.01 million in the previous corresponding quarter ended 30 September 2022, an increase of RM35.74 million or 15.01%.

Geographically, the Malaysian market remained the larger contributor to group revenue, accounting for 97.61% of total revenue, while overseas market made up the balance 2.39% in the current financial quarter. In absolute terms, sales from Malaysia and overseas grew 15.03% and 14.39% respectively from the same quarter last year.

The Group's revenue growth in the current financial quarter was attributed to higher sales volume and adjusted average selling prices of cables and wires in line with raw material prices.

The power cables and wires segment accounted for RM233.50 million or 85.30% of the Group's total revenue for the current quarter, an increase of RM28.38 million or 13.83% from RM205.13 million in the previous corresponding quarter.

The balance RM40.24 million or 14.70% 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 RM7.36 million or 22.37% from RM32.89 million in the previous corresponding quarter, driven by higher sales of control and instrumentation cables and wires due to oil and gas projects.

The Group's profit before tax jumped to RM8.64 million in the current quarter compared with RM5.07 million in the previous corresponding quarter, an increase of RM3.56 million or 70.24%, on the back of the higher revenue, better product mix, improved efficiency, lower finance cost, and adjusted selling prices in line with raw material prices.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(b) Result for financial year-to-date

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 30.09.2023 RM'000	Preceding Year to Date 30.09.2022 RM'000	RM'000	%
Revenue	746,528	637,702	108,826	17.07
Profit before tax	22,543	13,373	9,170	68.57

The Group recorded revenue of RM746.53 million for the nine months ended 30 September 2023 as compared with RM637.70 million previously, an increase of RM108.83 million or 17.07%.

Geographically, the Malaysian market remained the largest contributor to group revenue, accounting for approximately 96.31% of total revenue, while the overseas market made up the balance 3.69% in the current financial period. In absolute terms, sales from Malaysia and overseas grew 16.03% and 52.45% respectively compared to the previous period.

The Group's revenue growth in the current financial period was attributed to higher sales volume and adjusted average selling prices of cables and wires in line with raw material prices.

The power cables and wires segment accounted for RM646.50 million or 86.60% of the Group's total revenue for the current period, an increase of RM104.53 million or 19.29% from RM541.97 million previously.

The balance RM100.03 million or 13.40% 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 RM4.30 million or 4.49% from RM95.73 million in the previous period, mainly on higher sales of control and instrumentation cables and wires. The revenue increase was partially offset by lower sales of communication cables and wires, and others.

The Group recognized profit before tax of RM22.54 million in the current financial period compared with RM13.37 million in the previous period, an increase of RM9.17 million or 68.57% on the back of higher revenue and better product mix.

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

	INDIVIDUAL QUARTER			
	Current Quarter	Preceding Quarter	Variance	
	30.09.2023	30.06.2023	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	273,747	231,847	41,900	18.07
Profit before tax	8,638	7,088	1,550	21.87

The Group's revenue for the current quarter increased by 18.07% to RM273.75 million from RM231.85 million in the preceding quarter ended 30 June 2023, mainly attributed to higher sales volume across all cable and wire segments encompassing power, communication, and control & instrumentation. Additionally, there was an increase in sales of aluminium rods.

The Group recorded a 21.87% increase in profit before tax from RM7.09 million in the preceding quarter to RM8.64 million in the current quarter supported by the higher sales volume, better product mix, and lower finance costs. The increase was offset by higher distribution and administration expenses, and lower other income.

B3. Commentary of Prospects

Southern Cable's prospects are supported by the growing demand for cables and wires in Malaysia, in line with ongoing development and infrastructure projects.

As at 30 September 2023, the Group's orders in hand amounted to RM893.2 million, and are expected to be fulfilled by 2026. These orders include the supply of underground cables and conductors to Tenaga Nasional Berhad and Sarawak Energy Berhad, the supply of rectifier and battery systems to Telekom Malaysia Berhad, as well as purchase orders from EPCC (Engineering Procurement Construction Commissioning) contractors, resellers, and others.

Notably, the Group's annual cable and wire production capacity has increased by 21% to 40,780 km from 33,780 km in the previous financial year ended 31 December 2022 due to installation of new machinery, enabling the Group to deliver more orders and enhance its revenue.

Meanwhile, Southern Cable is aiming to capitalise on the growing demand for power cables and wires from Malaysia's National Energy Transition Roadmap (NETR) objectives.

On 27 July 2023, the Ministry of Economy of Malaysia unveiled 10 flagship projects under Phase 1 of the NETR, encompassing solar farms, hydrogen energy, and others, with anticipated investments of RM25 billion. A projected total investment of between RM435 billion to RM1.85 trillion until 2050 will be required to enable Malaysia to achieve its target of 70% Renewal Energy (RE) capacity mix, which involves investment in RE generation sources, strengthening of grid infrastructure including transmission lines enhancement, and energy storage systems, among others.

To this end, Southern Cable has supplied a wide range of power cables and wires used in power transmission and distribution networks, including TÜV SÜD certified solar photovoltaic cables. These products have been used by EPCC solar players in projects such as Large Scale Solar, positioning the Group favourably to tap into the renewable energy market.

Barring unforeseen circumstances, Southern Cable's outlook remains positive for the financial year ending 31 December 2023.

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 30.09.2023 RM'000	Unaudited 30.09.2022 RM'000	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2022 RM'000
In respect of current period:				
Income tax	2,112	1,316	5,531	3,396
Effective tax rate (%)	24.45	25.94	24.54	25.39
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

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	18,500	-	
- Construction of factories	7,500	3,795	3,705	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	952	3,048	
	30,000	23,247	6,753	
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	64,425	6,753	

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

* Utilisation of the unutilised balance has been extended by another 24 months until 15 October 2025.

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

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

	Unaudited 30.09.2023 RM'000	Audited 31.12.2022 RM'000
Non-current		
Term loans	3,710	3,891
Lease liabilities	4,869	2,293
	8,579	6,184
Current		
Term loans	1,108	977
Lease liabilities	2,784	2,011
Bankers' acceptance	176,244	208,566
	180,136	211,554
Total	188,715	217,738

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. 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:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 30.09.2023	Unaudited 30.09.2022	Unaudited 30.09.2023	Unaudited 30.09.2022
Profit attributable to owners of the Company (RM'000)	6,526	3,758	17,012	9,977
Weighted average number of shares ('000)	800,000	800,000	800,000	800,000
Basic/Diluted EPS (sen) ⁽¹⁾⁽²⁾	0.82	0.47	2.13	1.25

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 30.09.2023 RM'000	Unaudited 30.09.2022 RM'000	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2022 RM'000
Interest income	(233)	(41)	(501)	(144)
Interest expenses	2,182	2,462	7,277	6,174
Amortisation/depreciation of investment properties	2	2	5	5
Amortisation/depreciation of property, plant and equipment	1,760	1,527	5,073	4,196
Depreciation of right-of-use assets	551	572	1,683	1,739

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 2023 was RM32.35 million. The derivative financial assets of RM0.26 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.