



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 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Revenue	A9	306,553	238,177	1,053,081	875,879
Cost of sales		(278,294)	(219,807)	(979,204)	(824,164)
Gross profit		28,259	18,370	73,877	51,715
Other income		90	-	4,813	2,417
Distribution expenses		(5,962)	(3,759)	(17,278)	(13,459)
Administrative expenses		(3,308)	(4,337)	(12,512)	(10,844)
Impairment loss on trade receivables		(394)	(1,620)	(394)	(1,620)
Other expenses		(1)	-	(2)	(9)
Operating profit	B12	18,684	8,654	48,504	28,200
Finance costs		(2,178)	(2,168)	(9,455)	(8,342)
Profit before tax		16,506	6,486	39,049	19,858
Income tax expense	B5	(4,081)	(1,918)	(9,612)	(5,314)
Profit/Total comprehensive income for the financial period/year		12,425	4,568	29,437	14,544
Profit/Total comprehensive income for the financial period/year after taxation attributable to:					
Owners of the Company		12,425	4,568	29,437	14,544
		12,425	4,568	29,437	14,544
Earnings per Share					
- Basic (sen)	B11	1.55	0.57	3.68	1.82
- Diluted (sen)	B11	1.55	0.57	3.68	1.82

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited as at 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	54,633	51,956
Right-of-use assets	44,435	40,389
Investment properties	510	517
Total non-current assets	99,578	92,862
Current Assets		
Inventories	144,096	223,256
Current tax assets	995	7,879
Trade and other receivables	264,092	224,662
Cash and short-term deposits	96,009	21,872
Total current assets	505,192	477,669
TOTAL ASSETS	604,770	570,531
EQUITY AND LIABILITIES		
Equity		
Share capital	217,670	217,656
Retained earnings	218,319	191,122
Reserves	(120,947)	(120,947)
Total equity	315,042	287,831
Non-current Liabilities		
Loans and borrowings	9,640	6,184
Deferred tax liabilities	7,759	7,759
Total non-current liabilities	17,399	13,943
Current Liabilities		
Loans and borrowings	186,093	211,554
Provisions	322	221
Current tax liabilities	3,349	2
Trade and other payables	81,977	56,013
Derivative financial liabilities	588	967
Total current liabilities	272,329	268,757
TOTAL LIABILITIES	289,728	282,700
TOTAL EQUITY AND LIABILITIES	604,770	570,531
Number of issued shares ('000)	800,050	800,000
Net assets per share attributable to owners of the company (RM)	0.39	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
	Non-Distributable		Distributable	
	Share capital	Reorganisation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023 (Audited)	217,656	(120,947)	191,122	287,831
Profit for the financial year representing total comprehensive income for the financial year (Unaudited)	-	-	29,437	29,437
Transaction with owners:				
Dividend paid	-	-	(2,240)	(2,240)
Proceed from warrants conversion	14	-	-	14
Balance as at 31 December 2023 (Unaudited)	217,670	(120,947)	218,319	315,042

	Attributable to owners of the Company			Total equity
	Non-Distributable		Distributable	
	Share capital	Reorganisation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022 (Audited)	217,656	(120,947)	178,258	274,967
Profit for the financial year representing total comprehensive income for the financial year (Audited)	-	-	14,544	14,544
Transaction with owners:				
Dividend paid	-	-	(1,680)	(1,680)
Balance as at 31 December 2022 (Audited)	217,656	(120,947)	191,122	287,831

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 31.12.2023 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.12.2022 Audited RM'000
Cash flows from operating activities		
Profit before tax	39,049	19,858
Adjustments for:		
Amortisation/depreciation of investment properties	7	7
Amortisation/depreciation of property, plant and equipment	6,937	5,837
Depreciation of right-of-use assets	2,257	2,334
Derecognition of right-of-use assets	-	(49)
Fair value (gain)/loss on derivative financial instruments	(379)	359
Gain on disposal of property, plant and equipment	(268)	(8)
Impairment losses on trade receivables	394	1,620
Interest expenses	9,455	8,342
Interest income	(759)	(195)
Provision for employee benefit (net)	101	(166)
Property, plant and equipment written off	2	-
Unrealised loss/(gain) on foreign exchange	350	(608)
Operating profit before changes in working capital	57,146	37,331
Changes in working capital:		
Inventories	79,160	(40,727)
Trade and other receivables	(40,314)	(26,376)
Trade and other payables	26,106	(6,246)
Net cash generated from/(used in) operations	122,098	(36,018)
Income tax paid	(1,768)	(5,177)
Income tax refunded	2,386	-
Interest received	759	195
Interest paid	(489)	(305)
Net cash from/(used in) operating activities	122,986	(41,305)

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

	CURRENT YEAR TO-DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.12.2022 Audited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,001)	(12,413)
Purchase of right-of-use assets	(6,002)	(307)
Derecognition of right-of-use assets	-	115
Proceed from disposal of property, plant and equipment	270	13
Change in pledged deposits	(1)	5,166
Net cash used in investing activities	(10,734)	(7,426)
Cash flows from financing activities		
Interest paid	(8,966)	(8,037)
Drawdown of term loan	778	-
Repayment of term loans	(1,103)	(1,482)
Drawdown of lease liabilities	2,367	-
Repayment of lease liabilities	(2,183)	(2,423)
Drawdown of bankers' acceptance	709,237	873,251
Repayment of bankers' acceptance	(736,020)	(819,271)
Proceed from warrants conversion	14	-
Dividend paid to shareholders	(2,240)	(1,680)
Net cash (used in)/from financing activities	(38,116)	40,358
Net increase/(decrease) in cash and cash equivalents	74,136	(8,373)
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	95,976	21,840

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.

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 2023						
Revenue:						
Revenue from external customers	264,205	1,546	7,256	33,546	-	306,553
Inter-segment revenue	-	-	-	11,856	(11,856)	-
	<u>264,205</u>	<u>1,546</u>	<u>7,256</u>	<u>45,402</u>	<u>(11,856)</u>	<u>306,553</u>
Segment profit	24,466	351	1,394	2,349	(301)	28,259
Other income						90
Unallocated expenses						(9,665)
Finance costs						(2,178)
Income tax expenses						(4,081)
Profit for the financial period						<u>12,425</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						9,291
Depreciation and amortisation						2,440



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 31 December 2022						
Revenue:						
Revenue from external customers	206,988	1,606	4,494	25,089	-	238,177
Inter-segment revenue	-	-	-	8,593	(8,593)	-
	<u>206,988</u>	<u>1,606</u>	<u>4,494</u>	<u>33,682</u>	<u>(8,593)</u>	<u>238,177</u>
Segment profit	16,279	256	622	1,231	(18)	18,370
Other income						-
Unallocated expenses						(9,716)
Finance costs						(2,168)
Income tax expenses						(1,918)
Profit for the financial period						<u>4,568</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						7,835
Depreciation and amortisation						2,188



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 2023						
Revenue:						
Revenue from external customers	910,704	8,989	29,651	103,737	-	1,053,081
Inter-segment revenue	-	-	-	42,963	(42,963)	-
	<u>910,704</u>	<u>8,989</u>	<u>29,651</u>	<u>146,700</u>	<u>(42,963)</u>	<u>1,053,081</u>
Segment profit	63,295	1,504	4,346	5,418	(686)	73,877
Other income						4,813
Unallocated expenses						(30,186)
Finance costs						(9,455)
Income tax expenses						<u>(9,612)</u>
Profit for the financial year						<u>29,437</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						37,406
Depreciation and amortisation						9,201



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 2022						
Revenue:						
Revenue from external customers	748,959	11,023	15,326	100,571	-	875,879
Inter-segment revenue	-	-	-	34,733	(34,733)	-
	<u>748,959</u>	<u>11,023</u>	<u>15,326</u>	<u>135,304</u>	<u>(34,733)</u>	<u>875,879</u>
Segment profit	44,665	1,274	1,514	4,234	28	51,715
Other income						2,418
Unallocated expenses						(25,932)
Finance costs						(8,342)
Income tax expenses						(5,314)
Profit for the financial year						<u>14,545</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						29,273
Depreciation and amortisation						8,128

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 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
Bank guarantee		
- Trade facilities	22,057	19,360
- Contract financing for performance bonds and guarantee	26,606	31,167
	<u>48,663</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 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
Capital expenditures contracted but not provided for:		
- Construction of building,	845	1,157
- Purchase of machineries and factory equipment,	7,576	5,374
- Enterprise Resource Planning information technology system	57	65
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	5,076	7,953
	<u>13,554</u>	<u>14,549</u>

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 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	Previous Quarter	RM'000	%
	31.12.2023	31.12.2022		
	RM'000	RM'000		
Revenue	306,553	238,177	68,376	28.71
Profit before Tax	16,506	6,486	10,020	154.49

In the current quarter ended 31 December 2023, the Group recorded revenue of RM306.55 million compared with RM238.18 million in the previous corresponding quarter ended 31 December 2022, an increase of RM68.38 million or 28.71%.

Geographically, the Malaysian market remained the largest contributor to group revenue, accounting for 98.64% of total revenue, while the overseas market made up the balance of 1.36% in the current financial quarter. In absolute terms, sales from Malaysia grew 31.12% whereas sales from overseas decreased 36.11% respectively in comparison to the same quarter last year.

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

The power cables and wires segment accounted for RM264.21 million or 86.19% of the Group's total revenue for the current quarter. The segment recorded an increase of RM57.22 million or 27.64% from RM206.99 million in the previous corresponding quarter.

The balance of RM42.35 million or 13.81% 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 RM11.16 million or 35.78% from RM31.19 million in the previous corresponding quarter, driven by higher sales of control and instrumentation cables and wires to oil and gas projects, and supply of rectifier and battery systems to the telecommunications sector.

The Group's profit before tax jumped to RM16.51 million in the current quarter compared with RM6.49 million in the previous corresponding quarter, an increase of RM10.02 million or 154.49%, on the back of the higher revenue, better product mix, and improved sales margin from lower plastic compound prices. Additionally, lower administrative expenses and controlled finance costs also contributed to the improved profit before tax.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(b) Result for financial year-to-date

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 31.12.2023 RM'000	Preceding Year to Date 31.12.2022 RM'000	RM'000	%
Revenue	1,053,081	875,879	177,202	20.23
Profit before tax	39,049	19,859	19,190	96.63

The Group recorded revenue of RM1,053.08 million for the current financial year ended 31 December 2023 as compared with RM875.88 million previously, an increase of RM177.20 million or 20.23%.

Geographically, the Malaysian market remained the largest contributor to group revenue, accounting for approximately 96.99% of total revenue, while the overseas market made up the balance of 3.01% for the current financial year ended 31 December 2023. In absolute terms, sales from Malaysia and overseas grew by 20.12% and 23.80% respectively compared to the previous year.

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

The power cables and wires segment accounted for RM910.70 million or 86.48% of the Group's total revenue for the current financial year ended 31 December 2023, an increase of RM161.75 million or 21.60% from RM748.96 million previously.

The balance RM142.38 million or 13.52% 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 RM15.46 million or 12.18% from RM126.92 million for the preceding financial year ended 31 December 2022, mainly on higher sales of control and instrumentation cables and wires to oil and gas projects.

The Group recognized profit before tax of RM39.05 million in the current financial year ended 31 December 2023 as compared with RM19.86 million for the preceding financial year ended 31 December 2022, an increase of RM19.19 million or 96.63% on the back of higher revenue, better product mix, and improved sales margin from lower plastic compound prices.

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		
	31.12.2023	30.09.2023	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	306,553	273,747	32,806	11.98
Profit before tax	16,506	8,638	7,868	91.09

The Group's revenue for the current quarter increased by 11.98% to RM306.55 million from RM273.75 million in the preceding quarter ended 30 September 2023, mainly attributed to the higher sales volume of power cables and wires. Additionally, there was an increase in sales of aluminium rods, as well as the supply of rectifier and battery systems to the telecommunications sector.

The Group recorded a 91.09% increase in profit before tax from RM8.64 million in the preceding quarter to RM16.51 million in the current quarter supported by the higher sales volume, better product mix, and improved sales margin from lower plastic compound prices. Additionally, lower administrative expenses and controlled finance costs also contributed to the improved profit before tax.

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 31 December 2023, the Group's orders in hand amounted to RM829.0 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.

The Group invested in new machinery and increased its annual cable and wire production capacity by 21% to 40,780 km, up from 33,780 km in the previous year, thus enabling the Group to fulfil more orders to boost its revenue. To meet growing demand, the Group plans to continue expanding its capacity for cables, wires, and plastic compounds through investments in new machinery and setting up new production buildings at its existing facilities in Kedah.

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.

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

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 2024.

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 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
In respect of current period:				
Income tax	4,081	1,918	9,612	5,314
Effective tax rate (%)	24.72	29.57	24.62	26.76
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	5,100	2,400	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	1,267	2,733	
	30,000	24,867	5,133	
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	66,045	5,133	

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 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Non-current		
Term loans	3,432	3,891
Lease liabilities	6,208	2,293
	9,640	6,184
Current		
Term loans	1,110	977
Lease liabilities	3,199	2,011
Bankers' acceptance	181,784	208,566
	186,093	211,554
Total	195,733	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

The Board of Directors have proposed a final single-tier dividend of 0.75 sen per ordinary share, amounting to approximately RM6.00 million for the financial year ended 31 December 2023. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

B11. Earnings per Share
(a) Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 31.12.2023	Unaudited 31.12.2022	Unaudited 31.12.2023	Audited 31.12.2022
Profit attributable to owners of the Company (RM'000)	12,425	4,568	29,437	14,544
Weighted average number of shares in issue ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	1.55	0.57	3.68	1.82

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
(b) Diluted earnings per ordinary share

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the the weighted average number of ordinary shares in issue during the financial year, adjusted for the dilutive effects of warrants conversion.

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 31.12.2023	Unaudited 31.12.2022	Unaudited 31.12.2023	Audited 31.12.2022
Profit attributable to owners of the Company (RM'000)	12,425	4,568	29,437	14,544
Weighted average number of shares in issue ('000)	800,000	800,000	800,000	800,000
Effect of warrants conversion ('000')	50	-	13	-
Weighted average number of shares adjusted for the effect of dilution ('000)	800,050	800,000	800,013	800,000
Diluted earnings per share (sen)	1.55	0.57	3.68	1.82

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Interest income	(258)	(51)	(759)	(195)
Interest expenses	2,178	2,168	9,455	8,342
Amortisation/depreciation of investment properties	2	2	7	7
Amortisation/depreciation of property, plant and equipment	1,864	1,631	6,937	5,827
Depreciation of right-of-use assets	574	555	2,257	2,294

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.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**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 2023 was RM54.76 million. The derivative financial liabilities of RM0.59 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.