1. **EXPLANATORY NOTES PURSUANT TO MFRS 134**
2. **Basis of Preparation**

These condensed consolidated interim financial statements are unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

These interim consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 which was prepared in accordance with the MFRS. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

1. **Changes in Accounting Policies**

The significant accounting policies adopted in the preparation of this condensed report are consistent with those of the audited financial statements for the financial year ended 31 December 2019 except for the mandatory adoption of the Malaysian Financial Reporting Standards (“MFRS”s), Amendments to MFRSs and IC Interpretations effective for the financial period beginning on or after 1 January 2020.

The initial adoption of these MFRSs, Amendments to MFRSs and IC interpretations do not have any material impact on the interim financial statements of the Group.

1. **Changes in Accounting Policies (Continued)**

The Group has not adopted the following new MRFS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

|  |  |  |
| --- | --- | --- |
|  |  | **Effective for financial periods beginning on or after** |
| New MFRS |  |  |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
|  |  |  |
| Amendments/Improvements to MFRSs | |  |
| MFRS 1 | First-time Adoption of Malaysian Financial  Reporting Standards | 1 January 2023# |
| MFRS 3 | Business Combinations | 1 January 2023# |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued  Operations | 1 January 2023# |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2023# |
| MFRS 9 | Financial Instruments | 1 January 2023# |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2023# |
| MFRS 101 | Presentation of Financial Statements | 1 January 2022/  1 January 2023# |
| MFRS 107 | Statements of Cash Flows | 1 January 2023# |
| MFRS 116 | Property, Plant and Equipment | 1 January 2023# |
| MFRS 119 | Employee Benefits | 1 January 2023# |
| MFRS 128 | Investments in Associates and Joint Ventures | Deferred/  1 January 2023# |
| MFRS 132 | Financial Instruments: Presentation | 1 January 2023# |
| MFRS 136 | Impairment of Assets | 1 January 2023# |
| MFRS 137 | Provision, Contingent Liabilities and Contingent  Assets | 1 January 2023# |
| MFRS 138 | Intangible Assets | 1 January 2023# |
| MFRS 140 | Investment Property | 1 January 2023# |

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

1. **Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2019 was not qualified.

1. **Segment Information**

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer (“CEO”) for the purpose of making decisions about resource allocation and performance assessment.

**Geographical segments**

The Group’s business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenues are based on the country in which the customer is located.



**Measurement of Reportable Segments**

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment profit or loss is profit earned or loss incurred by each segment with allocation of interest income, depreciation and etc. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

The three reportable segments are as follows:

1. Investment Holding;
2. Cable Support Systems; and
3. Electrical Lighting and Fittings.

Except as above, no other operating segment has been aggregated to form the above reportable segments.

1. **Segment Information (Continued)**

**Measurement of Reportable Segments (Continued)**

There are varying levels of integration between Cable Support Systems reportable segments and the Electrical Lighting and Fittings reportable segments. This integration includes sale of raw materials and shared distribution services, respectively.



1. **Unusual Items Due to Their Nature, Size or Incidence**

Other than those stated in the notes, there were no unusual items affecting the Group’s assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2020.

1. **Changes in Estimates**

There were no changes in estimates that resulted in material effect to the current quarter results.

1. **Comments about Seasonal or Cyclical Factors**

The Group’s performance is not significantly affected by any seasonal or cyclical factors.

1. **Dividends Paid**

No dividend was paid during the quarter under review.

1. **Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2019.

1. **Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and current financial year to date under review.

1. **Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

1. **Discontinued Operations**

There was no disposal of subsidiaries by the Group during the current quarter under review.

1. **Capital Commitments**

As at 30 September 2020, the Group had capital expenditure authorized and contracted for but not provided in the financial statements in relation to property, plant and equipment amounting to approximately RM455,150.

1. **Changes in Contingent Assets and Contingent Liabilities**

There were no material changes in other contingent liabilities or contingent assets since 31 December 2019.

1. **Material Subsequent Events**

In the opinion of the Directors, there were no material events which have arisen between the end of the reporting period and 19 November 2020, which had affected substantially the results of the Group for the financial quarter ended 30 September 2020.

1. **EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
2. **Performance Review on Operating Segments**
3. Current year to date vs previous year to date

The Group’s revenue for the current financial period ended 30 September 2020 of RM108.315 million was lower than the previous corresponding period of RM140.446 million, mainly due to lower revenue contribution from both Cable Support Systems division and the Electrical Lighting and Fittings division amid the outbreak of the Covid-19 pandemic, which subsequently resulted in the implementation of the MCO lockdown.

The Group achieved a profit before taxation of RM0.724 million for the period ended 30 September 2020 as compared to a loss before taxation of RM0.843 million in the previous corresponding period, mainly due to higher margins achieved on goods sold during the period under review. In general, lower operating expenses had helped to mitigate the impact of lower revenue generated during the period under review.

Performance of the respective operating business segments for the current period ended 30 September 2020 as compared to previous corresponding period are as follows:-

*Cable Support Systems*

For the current financial period ended 30 September 2020, this business segment registered a revenue of RM89.994 million as compared to RM115.085 million in the previous corresponding period, a decrease of 21.80% comparatively.

This segment achieved a marginally higher profit before taxation of RM2.420 million as compared to RM2.210 million in the previous corresponding period, mainly due to higher margins achieved on goods sold during the period under review.

1. **Performance Review on Operating Segments (Continued)**
2. Current year to date vs previous year to date (Continued)

*Electrical Lighting and Fittings*

For the current financial period ended 30 September 2020, this business segment registered a revenue of RM18.322 million as compared to RM25.361 million in the previous corresponding period, a decrease of 27.76% comparatively.

This segment incurred a lower loss before taxation of RM1.332 million as compared to RM2.562 million in the previous corresponding period. This is mainly attributable to lower labour costs, lower administrative expenses and lower selling and distribution expenses during the period under review.

1. Current quarter vs previous year corresponding quarter

The Group’s revenue for the current quarter ended 30 September 2020 of RM51.110 million was marginally lower than the previous corresponding quarter of RM51.476 million.

The Group made a profit before taxation of RM5.653 million for the current quarter ended 30 September 2020 as compared to RM0.275 million in the previous corresponding quarter, mainly due to higher margins achieved on goods sold, higher gain on foreign exchange, lower administrative expenses, lower labour costs and lower selling and distribution expenses during the quarter under review.

Performance of the respective operating business segments for the current quarter ended 30 September 2020 as compared to previous corresponding quarter are as follows:-

*Cable Support Systems*

For the current quarter ended 30 September 2020, this business segment registered a marginally higher revenue of RM41.807 million as compared to RM41.500 million in the previous corresponding quarter, an increase of 0.74% comparatively.

This division achieved a profit before taxation of RM5.399 million for the current quarter as compared to RM0.968 million in the previous corresponding quarter. This is mainly due to higher margins achieved on goods sold, higher gain on foreign exchange, lower finance costs and lower selling and distribution expenses during the quarter under review.

1. **Performance Review on Operating Segments (Continued)**
2. Current quarter vs previous year corresponding quarter (Continued)

*Electrical Lighting and Fittings*

For the current quarter ended 30 September 2020, this business segment registered a lower revenue of RM9.303 million as compared to RM9.976 million in the previous corresponding quarter, a decrease of 6.75% comparatively.

This division made a higher profit before taxation of RM0.405 million for the current quarter as compared to a loss before taxation of RM0.503 million in the previous corresponding quarter. This is mainly due to higher margins achieved on goods sold, lower administrative expenses, lower labour costs and lower selling and distribution expenses during the quarter under review.

1. **Material Changes in Loss Before Taxation for the Current Quarter as Compared to the Preceding Quarter**

For the quarter under review, the Group had achieved a profit before taxation of RM5.653 million as compared to a loss before taxation of RM4.463 million in the immediate preceding quarter. The increase in profit before taxation is mainly due to higher revenue generated and higher margins achieved on goods sold during the quarter under review, while during the second quarter, the Group was affected by the MCO lockdown caused by the outbreak of the Covid-19 pandemic.

1. **Commentary on Prospects**

Malaysia is now battling the third wave of the Covid-19 pandemic following a significant increase in new infections which resulted in the Conditional Movement Control Order (CMCO) being implemented throughout the country except Perlis, Pahang and Kelantan. Overall, businesses within Malaysia are facing higher prices for some raw materials and slow collection.

Under this unprecedented economic environment, the Group believes that domestic demand for Cable Support Systems and Electrical Lighting and Fittings products will continue to recover and grow albeit at a slower pace while the outlook for export market is expected to soften in the near future. Nevertheless, the Group will continue to exercise caution in all its business dealings as local and global market conditions remain uncertain. The Group will continue its efforts to further improve on product quality and customers’ needs while maintaining efficient operations.

The Group is also committed to explore various cost saving measures to relieve the financial burden and improve the cash flow position of the Group. The Group hopes to sail through this unprecedented time and emerge stronger going forward.

1. **Profit Forecast or Profit Guarantee**

The explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

1. **Income Tax Expense**

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1. **Borrowings**

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There are no borrowings denominated in foreign currency.

1. **Profit Before Tax for the Period**

Profit before taxation for the period is arrived at after charging/(crediting):-

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1. **Gains or Losses arising from Fair Value Changes of Financial Liabilities**

There are no gains or losses arising from fair value changes of any financial liabilities.

1. **Changes in Material Litigation**

There was no pending material litigation as at the date of this report.

1. **Dividend Payable**

No single-tier interim dividend has been declared for the quarter ended 30 September 2020.

1. **Earnings Per Share**
2. Basic

The calculation of basic earnings per share for the current quarter and current year to date is based on the Group’s profit attributable to equity holders of the Company for the current quarter of RM5.058 million and current year to date of RM0.102 million and the number of ordinary shares in issue of 217,800,000.

1. Diluted

Not applicable.

1. **Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 19 November 2020.