

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

1. 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 2020 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 2020.

2. 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 2020 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 2021.

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.

2. Changes in Accounting Policies (Continued)

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

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
 <u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	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 2022/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 116	Property, Plant and Equipment	1 January 2022 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred
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 2022/ 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

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

4. 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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2021 RM'000	Preceding Year Corresponding Quarter Ended 30.06.2020 RM'000	Current Year to Date Ended 30.06.2021 RM'000	Preceding Year Corresponding Period Ended 30.06.2020 RM'000
Malaysia	33,534	14,603	74,896	47,740
Overseas	8,385	2,596	16,236	9,466
	<u>41,919</u>	<u>17,199</u>	<u>91,132</u>	<u>57,206</u>

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.

4. Segment Information (Continued)

Measurement of Reportable Segments (Continued)

The three reportable segments are as follows:

- a) Investment Holding;
- b) Cable Support Systems; and
- c) Electrical Lighting and Fittings.

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

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.

	Investment Holding RM'000	Cable Support Systems RM'000	Electrical Lighting and Fittings RM'000	Elimination RM'000	Consolidated Financial Statements RM'000
Revenue					
External customer	-	36,079	5,840	-	41,919
Inter-segment	2,258	796	-	(3,054)	-
Total revenue	2,258	36,875	5,840	(3,054)	41,919
Results					
Interest income	-	(238)	(39)	-	(277)
Depreciation	10	2,454	74	-	2,538
Segment profit and (loss)	1,985	12,218	158	(2,178)	12,183

5. 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 June 2021.

6. Changes in Estimates

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

7. Comments about Seasonal or Cyclical Factors

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

8. Dividends Paid

A first single-tier interim dividend for the year ending 31 December 2021 of 1 sen per ordinary share amounting to RM2.178 million, was paid on 10 June 2021.

9. 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 2020.

10. 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.

11. Changes in the Composition of the Group

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

12. Discontinued Operations

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

13. Capital Commitments

As at 30 June 2021, 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 RM1,304,680.

14. Changes in Contingent Assets and Contingent Liabilities

There were no material changes in other contingent liabilities or contingent assets since 31 December 2020.

15. 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 18 August 2021, which had affected substantially the results of the Group for the financial quarter ended 30 June 2021.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Performance Review on Operating Segments

a) Current year to date vs previous year to date

The Group's revenue for the current period ended 30 June 2021 of RM91.132 million was higher than the previous corresponding period of RM57.206 million, mainly due to higher revenue contribution from both Cable Support Systems division and the Electrical Lighting and Fittings division as the previous corresponding period's performance was significantly impacted by the Movement Control Order initiated by the government amid the outbreak of the Covid-19 pandemic.

The Group recorded a profit before taxation of RM24.577 million for the period ended 30 June 2021 as compared to a loss before taxation of RM4.930 million in the previous corresponding period, contributed by achievement of higher revenue and better profit margins from both Cable Support Systems division and the Electrical Lighting and Fittings division during the period under review.

Performance of the respective operating business segments for the current period ended 30 June 2021 as compared to previous corresponding period are as follows:-

Cable Support Systems

For the current financial period ended 30 June 2021, this business segment registered a revenue of RM76.860 million as compared to RM48.187 million in the previous corresponding period, an increase of 59.50% comparatively.

This segment recorded a profit before taxation of RM22.955 million as compared to a loss before taxation of RM2.979 million in the previous corresponding period, mainly contributed by achievement of higher revenue and better profit margins achieved on goods sold during the period under review.

16. Performance Review on Operating Segments (Continued)

a) Current year to date vs previous year to date (Continued)

Electrical Lighting and Fittings

For the current financial period ended 30 June 2021, this business segment registered a revenue of RM14.272 million as compared to RM9.019 million in the previous corresponding period, an increase of 58.24% comparatively.

This segment recorded a profit before taxation of RM1.948 million as compared to a loss before taxation of RM1.736 million in the previous corresponding period. This is mainly attributable to higher revenue and better profit margins achieved on goods sold during the period under review.

b) Current quarter vs previous year corresponding quarter

The Group's revenue for the current quarter ended 30 June 2021 of RM41.919 million was higher than the previous corresponding quarter of RM17.199 million, an increase of 143.73% comparatively as the previous corresponding quarter's performance was significantly impacted by the Movement Control Order initiated by the government amid the outbreak of the Covid-19 pandemic.

The Group registered a profit before taxation of RM12.183 million for the current quarter ended 30 June 2021 as compared to a loss before taxation of RM4.462 million in the previous year corresponding quarter, mainly due to better profit margins achieved on goods sold from the Cable Support Systems and the Electrical Lighting and Fittings division and higher revenue generated during the quarter under review.

Performance of the respective operating business segments for the current quarter ended 30 June 2021 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 30 June 2021, this business segment registered a higher revenue of RM36.079 million as compared to RM14.587 million in the previous year corresponding quarter, an increase of 147.34% comparatively.

This division achieved a profit before taxation of RM12.218 million for the current quarter as compared to a loss before taxation of RM3.083 million in the previous year corresponding quarter. This is mainly due to better profit margins achieved on goods sold and higher revenue generated during the quarter under review.

16. Performance Review on Operating Segments (Continued)

- b) Current quarter vs previous year corresponding quarter (Continued)

Electrical Lighting and Fittings

For the current quarter ended 30 June 2021, this business segment registered a higher revenue of RM5.840 million as compared to RM2.612 million in the previous corresponding quarter, an increase of 123.58% comparatively.

This division made a profit before taxation of RM0.158 million for the current quarter as compared to a loss before taxation of RM1.282 million in the previous corresponding quarter. This is mainly due to better profit margins achieved on goods sold and higher revenue generated during the quarter under review.

17. Material Changes in Profit 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 RM12.183 million as compared to RM12.394 million in the immediate preceding quarter. The marginal decrease in profit before taxation is mainly due to lower revenue generated from both Cable Support Systems and Electrical Lighting and Fittings division during the quarter under review amid the implementation of total lockdown and Enhanced Movement Control Order (EMCO) to curb the spread of the Covid-19 virus since June 2021.

18. Commentary on Prospects

Malaysia's public health and economy have dampened amid the Covid-19 pandemic, recording elevated number of infected individuals daily and emergence of new variants of the deadly virus. The government has taken serious initiatives to combat the pandemic by administering various vaccination programmes to the residents in Malaysia and implementing Movement Control Order (MCO) in most parts of the country.

Under this unprecedented economic environment, the Group believes that outlook for domestic and export market for Cable Support Systems and Electrical Lighting and Fittings products is expected to improve in the near future in anticipation of the gradual reopening of the economy. Nevertheless, the Group will continue to exercise caution in all its business dealings as local and global market conditions remain uncertain. The Group is committed to further improve on product quality and customers' needs while maintaining efficient operations.

The Group takes cognizance on exploring various cost saving measures to relieve the financial burden and improve the cash flow position of the Group. The Group hopes to thrive during this challenging period and emerge stronger going forward.

19. 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.

20. Income Tax Expense

	Current Quarter Ended 30.06.2021 RM'000	Current Year to Date Ended 30.06.2021 RM'000
<u>Malaysian income tax</u>		
- Current year	<u>2,806</u>	<u>5,506</u>

The effective tax rate of the Group for the current quarter under review and current financial year to date is slightly lower than the statutory tax rate due to the Group's sufficient tax losses, capital allowances and reinvestment allowances available for offset.

21. Borrowings

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
<u>Short term borrowings</u>		
Secured:-		
- Portion of long term loans payable within the next 12 months	840	840
- Bankers Acceptances	22,740	25,345
- Portion of hire purchase creditors payable within the next 12 months	1,407	1,250
<u>Long term borrowings</u>		
Secured:-		
- Portion of long term loans payable after the next 12 months	3,008	3,848
- Portion of hire purchase creditors payable after the next 12 months	1,836	2,367
Total borrowings	<u>29,831</u>	<u>33,650</u>

There are no borrowings denominated in foreign currency.

22. Profit Before Tax for the Period

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

	<u>Current Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(277)	(198)	(416)	(295)
Gain on disposal of property, plant and equipment	-	-	(1)	(62)
Net foreign exchange (gain)/loss	(7)	(12)	(80)	(29)
Depreciation and amortization	2,538	2,672	5,179	5,316
Interest expense	312	202	562	582
Other income	(475)	(282)	(831)	(489)

23. 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.

24. Changes in Material Litigation

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

25. Dividend Payable

On 18 August 2021, a second single-tier interim dividend of 1 sen per ordinary share for the financial year ending 31 December 2021 amounting to RM2.178 million had been declared by the Board of Directors, payable on 21 September 2021.

26. Earnings Per Share

a) 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 RM9.377 million and current year to date of RM19.071 million and the number of ordinary shares in issue of 217,800,000.

b) Diluted

Not applicable.

27. 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 18 August 2021.