

## **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:

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>		
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 2022/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 112	Income Taxes	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 30.09.2021 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2020 RM'000	Current Year to Date Ended 30.09.2021 RM'000	Preceding Year Corresponding Period Ended 30.09.2020 RM'000
Malaysia	30,682	46,911	105,578	94,651
Overseas	10,630	4,199	26,866	13,664
	<u>41,312</u>	<u>51,110</u>	<u>132,444</u>	<u>108,315</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.

	<b>Investment Holding RM'000</b>	<b>Cable Support Systems RM'000</b>	<b>Electrical Lighting and Fittings RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated Financial Statements RM'000</b>
<b>Revenue</b>					
External customer	-	36,023	5,289	-	41,312
Inter-segment	2,580	465	-	(3,045)	-
<b>Total revenue</b>	<b>2,580</b>	<b>36,488</b>	<b>5,289</b>	<b>(3,045)</b>	<b>41,312</b>
<b>Results</b>					
Interest income	-	(167)	(41)	-	(208)
Depreciation	10	2,445	74	-	2,529
Segment profit and (loss)	2,332	11,382	(522)	(2,500)	10,692

#### 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 September 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 second 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 21 September 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 September 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 RM391,685.

#### **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 16 November 2021, which had affected substantially the results of the Group for the financial quarter ended 30 September 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 September 2021 of RM132.444 million was higher than the previous corresponding period of RM108.315 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 higher profit before taxation of RM35.269 million for the period ended 30 September 2021 as compared to RM0.724 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 September 2021 as compared to previous corresponding period are as follows:-

#### *Cable Support Systems*

For the current financial period ended 30 September 2021, this business segment registered a higher revenue of RM112.882 million as compared to RM89.994 million in the previous corresponding period, an increase of 25.43% comparatively.

This segment recorded a higher profit before taxation of RM34.338 million as compared to RM2.420 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 September 2021, this business segment registered a higher revenue of RM19.562 million as compared to RM18.322 million in the previous corresponding period, an increase of 6.77% comparatively.

This segment recorded a profit before taxation of RM1.426 million as compared to a loss before taxation of RM1.332 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 September 2021 of RM41.312 million was lower than the previous corresponding quarter of RM51.110 million, a decrease of 19.17% comparatively due to the implementation of total lockdown and Enhanced Movement Control Order (EMCO) to curb the spread of the Covid-19 virus since July 2021.

The Group registered a profit before taxation of RM10.692 million for the current quarter ended 30 September 2021 as compared to RM5.653 million in the previous year corresponding quarter, mainly due to better profit margins achieved on goods sold during the quarter under review.

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

#### Cable Support Systems

For the current quarter ended 30 September 2021, this business segment registered a lower revenue of RM36.023 million as compared to RM41.807 million in the previous year corresponding quarter, a decrease of 13.84% comparatively.

This division achieved a higher profit before taxation of RM11.382 million for the current quarter as compared to RM5.399 million in the previous year corresponding quarter. This is mainly due to better profit margins achieved on goods sold 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 September 2021, this business segment registered a lower revenue of RM5.289 million as compared to RM9.303 million in the previous corresponding quarter, a decrease of 43.15% comparatively.

This division made a loss before taxation of RM0.522 million for the current quarter as compared to a profit before taxation of RM0.405 million in the previous corresponding quarter. This is mainly due to lower revenue generated during the quarter under review due to the implementation of total lockdown and Enhanced Movement Control Order (EMCO) to curb the spread of the Covid-19 virus since July 2021.

## **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 lower profit before taxation of RM10.692 million as compared to RM12.183 million in the immediate preceding quarter. The decrease in profit before taxation is mainly due to lower revenue generated and lower profit margins achieved on goods sold 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 July 2021.

## **18. Commentary on Prospects**

Malaysia's public health and economy is reclaiming victory after the persisting battle against the Covid-19 pandemic. The government has taken serious initiatives to combat the pandemic by administering various vaccination programmes to the residents in Malaysia. Consequently, borders between states are removed and gradual reopening of the economy is implemented throughout the country.

Under the positive circumstances, 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. 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

	<b>Current Quarter Ended 30.09.2021 RM'000</b>	<b>Current Year to Date Ended 30.09.2021 RM'000</b>
<u>Malaysian income tax</u>		
- Current year	<u>2,779</u>	<u>8,285</u>

The effective tax rate of the Group for the 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

	<b>As at 30.09.2021 RM'000</b>	<b>As at 30.09.2020 RM'000</b>
<u>Short term borrowings</u>		
Secured:-		
- Portion of long term loans payable within the next 12 months	840	840
- Bankers Acceptances	24,568	16,190
- Portion of hire purchase creditors payable within the next 12 months	1,279	1,265
<u>Long term borrowings</u>		
Secured:-		
- Portion of long term loans payable after the next 12 months	2,798	3,638
- Portion of hire purchase creditors payable after the next 12 months	1,550	2,045
Total borrowings	<u>31,035</u>	<u>23,978</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>30.09.2021</u>	<u>30.09.2020</u>	<u>30.09.2021</u>	<u>30.09.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(208)	(151)	(624)	(446)
Gain on disposal of property, plant and equipment	(3)	(37)	(4)	(99)
Net foreign exchange (gain)/loss	124	(180)	44	(209)
Depreciation and amortization	2,529	2,631	7,708	7,947
Interest expense	206	338	768	920
Reversal of impairment loss on receivables	(205)	-	(205)	-
Other income	(148)	(310)	(979)	(799)

## 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 22 October 2021, a third single-tier interim dividend of 2 sen per ordinary share for the financial year ending 31 December 2021 amounting to RM4.356 million had been declared by the Board of Directors, payable on 25 November 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 RM7.913 million and current year to date of RM26.984 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 16 November 2021.