

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 2021 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 2021.

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 2021 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 2022.

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.

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

2. Changes in Accounting Policies (Continued)

		Effective for financial periods beginning on or after
<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 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 16	Leases	1 April 2021/
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	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	Provisions, 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

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2021 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.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter Ended 31.03.2022 RM'000</u>	<u>Preceding Year Corresponding Quarter Ended 31.03.2021 RM'000</u>	<u>Current Year to Date Ended 31.03.2022 RM'000</u>	<u>Preceding Year Corresponding Period Ended 31.03.2021 RM'000</u>
Malaysia	47,784	41,362	47,784	41,362
Overseas	18,228	7,851	18,228	7,851
	<u>66,012</u>	<u>49,213</u>	<u>66,012</u>	<u>49,213</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	-	59,065	6,947	-	66,012
Inter-segment	2,258	1,223	-	(3,481)	-
Total revenue	2,258	60,288	6,947	(3,481)	66,012
Results					
Interest income	-	(89)	(39)	-	(128)
Depreciation	10	2,484	145	-	2,639
Segment profit	1,981	15,619	173	(2,178)	15,595

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 31 March 2022.

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

No dividend was paid during the quarter under review.

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 2021.

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 31 March 2022, 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 RM38,000.

14. Changes in Contingent Assets and Contingent Liabilities

There were no material changes in other contingent liabilities or contingent assets since 31 December 2021.

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 24 May 2022, which had affected substantially the results of the Group for the financial quarter ended 31 March 2022.

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

16. Performance Review on Operating Segments

a) Current quarter vs previous year corresponding quarter

The Group's revenue for the current quarter ended 31 March 2022 of RM66.012 million was higher than the previous corresponding quarter of RM49.213 million, an increase of 34.14% comparatively, mainly due to higher revenue contribution from the Cable Support Systems division upon the gradual reopening of more economic sectors in Malaysia.

The Group recorded a higher profit before taxation of RM15.595 million for the current quarter ended 31 March 2022 as compared to RM12.394 million in the previous corresponding quarter, mainly contributed by achievement of higher revenue during the quarter under review.

Performance of the respective operating business segments for the current quarter ended 31 March 2022 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 31 March 2022, this business segment registered a higher revenue of RM59.065 million as compared to RM40.781 million in the previous corresponding quarter, an increase of 44.83% comparatively.

This segment recorded a higher profit before taxation of RM15.619 million as compared to RM10.737 million in the previous corresponding quarter, mainly contributed by achievement of higher revenue during the quarter under review.

16. Performance Review on Operating Segments (Continued)

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

Electrical Lighting and Fittings

For the current quarter ended 31 March 2022, this business segment registered a lower revenue of RM6.947 million as compared to RM8.432 million in the previous corresponding quarter, a decrease of 17.61% comparatively.

This segment recorded a lower profit before taxation of RM0.173 million as compared to RM1.790 million in the previous corresponding quarter. This is mainly attributable to lower revenue generated and lower profit margins achieved on goods sold 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 lower profit before taxation of RM15.595 million as compared to RM23.082 million in the immediate preceding quarter. The decrease in profit before taxation is mainly due to lower revenue generated, lower profit margins achieved on goods sold and higher administrative expenses incurred during the quarter under review.

18. Commentary on Prospects

In recent weeks, the number of Covid-19 cases in Malaysia is dwindling, moreover the recovery rate of Covid-19 patients had achieved a record high of 98.6% according to the Corona Tracker reports. Consequently, all Movement Control Orders (MCO) are lifted and gradual reopening of the economy is implemented throughout Malaysia. On 1st April 2022, the Malaysian government had announced to reopen the international borders too. All businesses are allowed to resume their operations with strict compliance of the Standard Operating Procedures (SOP) set out by the government starting from 15th May 2022.

Under these 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

	Current Quarter Ended 31.03.2022 RM'000	Current Year to Date Ended 31.03.2022 RM'000
<u>Malaysian income tax</u>		
- Current year	3,518	3,518

21. Borrowings

	As at 31.03.2022 RM'000	As at 31.03.2021 RM'000
<u>Short term borrowings</u>		
Secured:-		
- Portion of long term loans payable within the next 12 months	840	840
- Bankers Acceptances	44,394	22,313
- Portion of hire purchase creditors payable within the next 12 months	1,185	1,494
<u>Long term borrowings</u>		
Secured:-		
- Portion of long term loans payable after the next 12 months	2,378	3,218
- Portion of hire purchase creditors payable after the next 12 months	1,144	2,159
Total borrowings	49,941	30,024

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>31.03.2022</u>	<u>31.03.2021</u>	<u>31.03.2022</u>	<u>31.03.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(128)	(139)	(128)	(139)
Gain on disposal of property, plant and equipment	(94)	(1)	(94)	(1)
Net foreign exchange loss/ (gain)	39	(73)	39	(73)
Depreciation and amortization	2,639	2,641	2,639	2,641
Interest expense	292	250	292	250
Other income	(472)	(356)	(472)	(356)

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 March 2022, a single-tier interim dividend of 1 sen per ordinary share for the financial year ending 31 December 2022 amounting to RM2.178 million had been declared by the Board of Directors, paid on 27 April 2022.

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 RM12.077 million and current year to date of RM12.077 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 24 May 2022.