

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.

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:

		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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2022 RM'000	Preceding Year Corresponding Quarter Ended 30.06.2021 RM'000	Current Year to Date Ended 30.06.2022 RM'000	Preceding Year Corresponding Period Ended 30.06.2021 RM'000
Malaysia	51,910	33,534	99,694	74,896
Overseas	13,558	8,385	31,786	16,236
	<u>65,468</u>	<u>41,919</u>	<u>131,480</u>	<u>91,132</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	-	58,027	7,441	-	65,468
Inter-segment	2,258	1,055	150	(3,463)	-
Total revenue	2,258	59,082	7,591	(3,463)	65,468
Results					
Interest income	-	(181)	(44)	-	(225)
Depreciation	10	2,470	68	-	2,548
Segment profit	1,896	9,848	144	(2,178)	9,710

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 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

A first single-tier interim dividend for the year ending 31 December 2022 of 1 sen per ordinary share amounting to RM2.178 million, was paid on 27 April 2022.

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 30 June 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 RM896,000.

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 August 2022, which had affected substantially the results of the Group for the financial quarter ended 30 June 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 year to date vs previous year to date

The Group's revenue for the current period ended 30 June 2022 of RM131.480 million was higher than the previous corresponding period of RM91.132 million, an increase of 44.27% comparatively, due to higher revenue contributions from the Cable Support Systems and the Electrical Lighting and Fittings divisions upon the gradual reopening of more economic sectors in Malaysia.

The Group recorded a marginal increase in profit before taxation of RM25.304 million for the period ended 30 June 2022 as compared to RM24.577 million in the previous corresponding period, contributed by higher revenue achieved from the Cable Support Systems and the Electrical Lighting and Fittings divisions during the period under review.

Performance of the respective operating business segments for the current period ended 30 June 2022 as compared to previous corresponding period are as follows:-

Cable Support Systems

For the current period ended 30 June 2022, this business segment registered a higher revenue of RM117.092 million as compared to RM76.860 million in the previous corresponding quarter, an increase of 52.34% comparatively.

This segment recorded a higher profit before taxation of RM25.467 million as compared to RM22.955 million in the previous corresponding period, mainly attributable to achievement of higher revenue 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 period ended 30 June 2022, this business segment registered a marginally higher revenue of RM14.388 million as compared to RM14.272 million in the previous corresponding period.

This segment recorded a lower profit before taxation of RM0.316 million as compared to RM1.948 million in the previous corresponding period, attributable to lower 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 2022 of RM65.468 million was higher than the previous corresponding quarter of RM41.919 million, an increase of 56.18% comparatively, mainly due to higher revenue contributions from the Cable Support Systems and the Electrical Lighting and Fittings divisions.

The Group registered a lower profit before taxation of RM9.710 million for the current quarter ended 30 June 2022 as compared to RM12.183 million in the previous year corresponding quarter, mainly due to lower profit margins achieved on goods sold from the Cable Support Systems and the Electrical Lighting and Fittings divisions during the quarter under review.

Performance of the respective operating business segments for the current quarter ended 30 June 2022 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 30 June 2022, this business segment registered a higher revenue of RM58.027 million as compared to RM36.079 million in the previous year corresponding quarter, an increase of 60.83% comparatively.

This division recorded a lower profit before taxation of RM9.848 million for the current quarter as compared to RM12.218 million in the previous year corresponding quarter. This is mainly due to lower 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 June 2022, this business segment registered a higher revenue of RM7.441 million as compared to RM5.840 million in the previous year corresponding quarter, an increase of 27.41% comparatively.

This division made a marginally lower profit before taxation of RM0.144 million for the current quarter as compared to RM0.158 million in the previous year corresponding quarter. This is mainly due to 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 RM9.710 million as compared to RM15.595 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 selling and distribution expenses incurred during the quarter under review.

18. Commentary on Prospects

According to the Corona Tracker reports, the recovery rate of Covid-19 cases in Malaysia achieved a record high of 98.6%. As a result, the Malaysian government announced that the international borders will be reopened, and all businesses are permitted to resume operations while strictly adhering to the government's Standard Operating Procedures (SOP).

Under these positive circumstances, the Group believes that the domestic and export markets for Cable Support Systems and Electrical Lighting and Fittings products are expected to improve in the near future. Nevertheless, the Group will continue to exercise caution in all its business dealings as future local and global market conditions remain uncertain. The Group is committed to improving product quality and customers' needs while maintaining efficient operations.

In essence, the Group takes cognizance of the exploration of various cost saving measures to relieve its financial burden and improve its cash flow position. Meanwhile, the Group also optimises its revenue opportunities by expanding its customer base as downstream players start to replenish their inventories.

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 30.06.2022 RM'000	Current Year to Date Ended 30.06.2022 RM'000
<u>Malaysian income tax</u>		
- Current year	2,499	6,017

21. Borrowings

	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
<u>Short term borrowings</u>		
Secured:-		
- Portion of long term loans payable within the next 12 months	840	840
- Bankers Acceptances	37,365	22,740
- Portion of hire purchase creditors payable within the next 12 months	1,143	1,407
<u>Long term borrowings</u>		
Secured:-		
- Portion of long term loans payable after the next 12 months	2,168	3,008
- Portion of hire purchase creditors payable after the next 12 months	1,253	1,836
Total borrowings	42,769	29,831

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>30.06.2022</u>	<u>30.06.2021</u>	<u>30.06.2022</u>	<u>30.06.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(225)	(277)	(353)	(416)
Gain on disposal of property, plant and equipment	(30)	-	(124)	(1)
Net foreign exchange gain	(435)	(7)	(396)	(80)
Depreciation and amortization	2,548	2,538	5,187	5,179
Interest expense	426	312	718	562
Other income	(140)	(475)	(612)	(831)
Reversal of impairment loss on receivables	(18)	-	(18)	-
Insurance recoverable	(43)	-	(43)	-

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 Paid/Payable

On 23 June 2022, a second 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 8 July 2022.

On 10 August 2022, a third single-tier interim dividend of 1.5 sen per ordinary share for the financial year ending 31 December 2022 amounting to RM3.267 million had been declared by the Board of Directors, payable on 15 September 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 RM7.211 million and current year to date of RM19.287 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 August 2022.