

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 2022 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 2022.

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 2022 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 2023.

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:

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2022 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 31.12.2023 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2022 RM'000	Current Year to Date Ended 31.12.2023 RM'000	Preceding Year Corresponding Period Ended 31.12.2022 RM'000
Malaysia	55,531	48,617	211,649	196,933
Overseas	11,093	15,338	47,649	60,788
	66,624	63,955	259,298	257,721

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	-	56,724	9,900	-	66,624
Inter-segment	6,969	919	15	(7,903)	-
Total revenue	6,969	57,643	9,915	(7,903)	66,624
Results					
Interest income	-	(743)	(76)	-	(819)
Depreciation	10	2,833	180	(436)	2,587
Segment profit	6,664	12,411	1,559	(6,877)	13,757

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 December 2023.

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

During the current quarter under review, a fourth single-tier interim dividend for the year ended 31 December 2023 of 2 sen per ordinary share amounting to RM4.356 million, was paid on 18 December 2023.

A fifth single-tier interim dividend for the year ended 31 December 2023 of 0.5 sen per ordinary share amounting to RM1.089 million, was paid on 20 December 2023.

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 2022.

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 December 2023, 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 RM2,276,000.

14. Changes in Contingent Assets and Contingent Liabilities

There were no material changes in other contingent liabilities or contingent assets since 31 December 2022.

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 27 February 2024, which had affected substantially the results of the Group for the financial quarter ended 31 December 2023.

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 31 December 2023 of RM259.298 million was marginally higher than the previous corresponding period of RM257.721 million, mainly due to higher revenue contributions from the Electrical Lighting and Fittings division.

The Group recorded a marginally higher profit before taxation of RM55.315 million for the period ended 31 December 2023 as compared to RM53.474 million in the previous corresponding period, mainly contributed by higher profit margins achieved on goods sold from both Cable Support Systems and Electrical Lighting and Fittings division during the period under review.

Performance of the respective operating business segments for the current period ended 31 December 2023 as compared to previous corresponding period are as follows:-

Cable Support Systems

For the current period ended 31 December 2023, this business segment registered a marginally lower revenue of RM225.772 million as compared to RM229.059 million in the previous corresponding period, a decrease of 1.44% comparatively.

This segment recorded a marginally higher profit before taxation of RM54.142 million as compared to RM53.999 million in the previous corresponding period, mainly attributable to higher profit margins achieved on goods sold and higher interest income 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 31 December 2023, this business segment registered a higher revenue of RM33.526 million as compared to RM28.662 million in the previous corresponding period, an increase of 16.97% comparatively.

This segment recorded a higher profit before taxation of RM2.213 million as compared to RM0.386 million in the previous corresponding period, mainly attributable to higher revenue achieved and higher 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 31 December 2023 of RM66.624 million was marginally higher than the previous corresponding period of RM63.955 million, mainly due to higher revenue contributions from the Electrical Lighting and Fittings divisions.

The Group recorded a lower profit before taxation of RM13.757 million for the quarter ended 31 December 2023 as compared to RM15.356 million in the previous corresponding quarter, mainly attributable to higher administrative, personnel and selling and distribution expenses incurred during the quarter under review.

Performance of the respective operating business segments for the current quarter ended 31 December 2023 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 31 December 2023, this business segment registered a marginally higher revenue of RM56.724 million as compared to RM56.260 million in the previous corresponding quarter.

This segment recorded a lower profit before taxation of RM12.411 million as compared to RM15.410 million in the previous corresponding quarter, mainly due to higher administrative, personnel and selling and distribution expenses incurred 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 31 December 2023, this business segment registered a higher revenue of RM9.900 million as compared to RM7.695 million in the previous corresponding quarter, an increase of 28.65% comparatively.

This segment recorded a higher profit before taxation of RM1.559 million as compared to RM0.180 million in the previous corresponding quarter, mainly attributable to higher revenue generated and higher 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 current quarter under review, the Group had achieved a lower profit before taxation of RM13.757 million as compared to RM14.943 million in the immediate preceding quarter. The decrease in profit before taxation is mainly due to lower revenue generated during the current quarter under review as compared to the immediate preceding quarter.

18. Commentary on Prospects

Malaysia is actively collaborating with various countries to jointly advance in its trade, tourism and technology sectors. The rapid growth of Malaysia's economy will evidently propel the construction industry as the need to construct new infrastructures to support the completion of these mega projects is imminent. Under these positive circumstances, the Group believes that the domestic and international markets for Cable Support Systems and Electrical Lighting and Fittings products are expected to improve.

The Group continuously undertakes new measures to enhance its operations, optimises its revenue stream and improve its cash flow position. The Group will also exercise caution in all of its business dealings in the local and global markets.

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 31.12.2023 RM'000	Current Year to Date Ended 31.12.2023 RM'000
<u>Malaysian income tax</u>		
- Current year	5,598	15,468
- Under provision in prior years	225	225
<u>Deferred tax</u>		
- Current year	(1,350)	(1,350)
- Under provision in prior years	(347)	(347)
	<u>4,126</u>	<u>13,996</u>

21. Borrowings

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
<u>Short term borrowings</u>		
Secured:-		
- Portion of long term loans payable within the next 12 months	840	840
- Bankers Acceptances	27,360	22,730
- Portion of hire purchase creditors payable within the next 12 months	355	1,103
<u>Long term borrowings</u>		
Secured:-		
- Portion of long term loans payable after the next 12 months	908	1,748
- Portion of hire purchase creditors payable after the next 12 months	761	1,116
Total borrowings	<u>30,224</u>	<u>27,537</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>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(819)	(460)	(2,445)	(1,093)
Gain on disposal of property, plant and equipment	(55)	-	(307)	(124)
Net foreign exchange loss/(gain)	84	(1,075)	(682)	(1,696)
Depreciation and amortization	2,587	2,812	9,252	10,482
Interest expense	117	473	1,336	1,581
Other income	(510)	(558)	(1,579)	(1,663)
Reversal of impairment loss on receivables	(125)	(659)	(563)	(678)
Insurance recoverable	(2)	-	(6)	(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 Payable

On 27 February 2024, a first single-tier interim dividend of 2 sen per ordinary share for the financial year ending 31 December 2024 amounting to RM4.356 million had been declared by the Board of Directors, payable on 27 March 2024.

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 RM9.631 million and current year to date of RM41.319 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 27 February 2024.