



**SOUTHERN CABLE GROUP BERHAD**

(Registration No. 201901011439 (1320767-M))  
(Incorporated in Malaysia under the Companies Act 2016)

**Interim Financial Report**

**For The Fourth Quarter Ended**

**31 December 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<sup>(1)</sup>**

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited	Unaudited	Unaudited	Audited
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	238,177	204,022	875,879	659,939
Cost of sales		(219,807)	(191,677)	(824,164)	(620,697)
<b>Gross profit</b>		<b>18,370</b>	<b>12,345</b>	<b>51,715</b>	<b>39,242</b>
Other income		-	-	2,418	2,407
Distribution expenses		(3,759)	(2,917)	(13,459)	(9,970)
Administrative expenses		(5,957)	(3,887)	(12,464)	(11,517)
Other expenses		-	(9)	(9)	(11)
<b>Operating profit</b>	B12	<b>8,654</b>	<b>5,532</b>	<b>28,201</b>	<b>20,151</b>
Finance costs		(2,168)	(1,654)	(8,342)	(5,841)
<b>Profit before tax</b>		<b>6,486</b>	<b>3,878</b>	<b>19,859</b>	<b>14,310</b>
Income tax expense	B5	(1,918)	(1,007)	(5,314)	(3,404)
<b>Profit/Total comprehensive income for the financial period/year</b>		<b>4,568</b>	<b>2,871</b>	<b>14,545</b>	<b>10,906</b>
<b>Profit/Total comprehensive income for the financial period/year after taxation attributable to:</b>					
Owners of the Company		4,568	2,871	14,545	10,906
		<b>4,568</b>	<b>2,871</b>	<b>14,545</b>	<b>10,906</b>
<b>Earnings per Share</b>					
Basic/Diluted (sen) <sup>(2)(3)</sup>	B11	0.57	0.36	1.82	1.36



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<sup>(1)</sup>  
(CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) The diluted earnings per share of the Group for the quarter and financial year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.
- (3) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the financial period-to-date.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

	<b>Unaudited as at 31.12.2022 RM'000</b>	<b>Audited as at 31.12.2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	51,956	43,559
Right-of-use assets	40,389	43,375
Investment properties	517	523
<b>Total non-current assets</b>	<b>92,862</b>	<b>87,457</b>
<b>Current Assets</b>		
Inventories	223,256	182,529
Current tax assets	7,879	5,985
Trade and other receivables	224,663	199,325
Cash and short-term deposits	21,872	35,411
<b>Total current assets</b>	<b>477,670</b>	<b>423,250</b>
<b>TOTAL ASSETS</b>	<b>570,532</b>	<b>510,707</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	217,656	217,656
Retained earnings	191,123	178,258
Reserves	(120,947)	(120,947)
<b>Total equity</b>	<b>287,832</b>	<b>274,967</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	6,184	8,629
Deferred tax liabilities	7,759	5,490
<b>Total non-current liabilities</b>	<b>13,943</b>	<b>14,119</b>
<b>Current Liabilities</b>		
Loans and borrowings	211,554	158,101
Provisions	221	387
Current tax liabilities	2	239
Trade and other payables	56,013	62,287
Derivative financial liabilities	967	607
<b>Total current liabilities</b>	<b>268,757</b>	<b>221,621</b>
<b>TOTAL LIABILITIES</b>	<b>282,700</b>	<b>235,740</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>570,532</b>	<b>510,707</b>
Number of issued shares ('000)	800,000	800,000
Net assets per share attributable to owners of the company (RM)	0.36	0.34



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup> (CONT'D)

### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup>**

	Attributable to owners of the Company			Total equity RM'000
	Non-Distributable		Distributable	
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	
<b>Balance as at 1 January 2022 (Audited)</b>	217,656	(120,947)	178,258	274,967
Profit for the financial year representing total comprehensive income for the financial year (Unaudited)	-	-	14,545	14,545
Transaction with owners: Dividend payable	-	-	(1,680)	(1,680)
<b>Balance as at 31 December 2022 (Unaudited)</b>	217,656	(120,947)	191,123	287,832

	Attributable to owners of the Company			Total equity RM'000
	Non-Distributable		Distributable	
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	
<b>Balance as at 1 January 2021 (Audited)</b>	217,656	(120,947)	170,552	267,261
Profit for the financial year representing total comprehensive income for the financial year (Audited)	-	-	10,906	10,906
Transaction with owners: Dividend payable	-	-	(3,200)	(3,200)
<b>Balance as at 31 December 2021 (Audited)</b>	217,656	(120,947)	178,258	274,967

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS<sup>(1)</sup>**

	CURRENT YEAR TO-DATE 31.12.2022 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.12.2021 Audited RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	19,859	14,310
Adjustments for:		
Amortisation/depreciation of investment properties	7	6
Amortisation/depreciation of property, plant and equipment	5,827	4,706
Depreciation of right-of-use assets	2,294	2,705
Fair value loss on derivative financial instruments	359	459
Gain on disposal of property, plant and equipment	(8)	(47)
Impairment losses on trade receivables	1,620	-
Interest expenses	8,342	5,841
Interest income	(195)	(1,009)
Provision for employee benefit (net)	(166)	211
Right-of-use assets written off	-	8
Unrealised gain on foreign exchange	(608)	(574)
<b>Operating profit before changes in working capital</b>	<b>37,331</b>	<b>26,616</b>
Changes in working capital:		
Inventories	(40,727)	(93,574)
Trade and other receivables	(26,376)	(40,666)
Trade and other payables	(6,246)	10,141
Net cash used in operations	(36,018)	(97,483)
Income tax paid	(5,177)	(7,051)
Interest received	195	1,009
Interest paid	(305)	(284)
<b>Net cash used in operating activities</b>	<b>(41,305)</b>	<b>(103,809)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS<sup>(1)</sup> (CONT'D)**

	CURRENT YEAR TO-DATE 31.12.2022 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.12.2021 Audited RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,413)	(21,966)
Purchase of right-of-use assets	(192)	(476)
Proceed from disposal of property, plant and equipment	13	47
Change in pledged deposits	5,166	40,849
Change in pledged bank balances	-	683
<b>Net cash (used in)/from investing activities</b>	<b>(7,426)</b>	<b>19,137</b>
<b>Cash flows from financing activities</b>		
Interest paid	(8,037)	(5,557)
Drawdown of term loans	-	3,822
Repayment of term loans	(1,482)	(8,241)
Repayment of lease liabilities	(2,423)	(2,887)
Drawdown of bankers' acceptance	873,251	662,680
Repayment of bankers' acceptance	(819,271)	(614,421)
Dividend paid to shareholders	(1,680)	(3,200)
<b>Net cash from financing activities</b>	<b>40,358</b>	<b>32,196</b>
Net decrease in cash and cash equivalents	(8,373)	(52,476)
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>30,213</b>	<b>82,689</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>21,840</b>	<b>30,213</b>

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.



**A. NOTES TO THE INTERIM FINANCIAL REPORT****A1. Basis of Preparation**

The interim financial report of Southern Cable Group Berhad (“**Southern Cable**” or “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the Company’s audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.

**A2. Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2021, except for the following amendments/improvements to MFRSs which are relevant and mandatory for the current financial period:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of MFRSs ^
MFRS 3	Business Combinations
MFRS 9	Financial Instruments ^
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture ^

^ *The Annual Improvements to MFRSs 2018-2020.*

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

**A3. Auditors’ Report on Preceding Annual Financial Statements**

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021.

**A4. Seasonal or Cyclical Factors**

The Group’s performance has not been materially affected by any seasonal or cyclical factors during the current quarter and financial year-to-date.

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A5. Items or Incidence of an Unusual Nature**

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter and financial year-to-date.

**A6. Material Changes in Estimates**

There were no material changes in estimates for the current quarter and financial year-to-date.

**A7. Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares during the current quarter and financial year-to-date.

**A8. Dividend Paid**

The Company declared a final dividend of 0.21 sen per ordinary share amounting to RM1.68 million in respect of the financial year ended 31 December 2021. The final dividend has been paid by the Company on 29 July 2022 to shareholders whose names appeared in the Record of Depositors at the close of business on 15 July 2022.

There were no dividends paid for the current quarter.



**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A9. Segmental Reporting**

The Group is principally a manufacturer of cables and wires that are used for power distribution and transmission, communications as well as control and instrumentation applications. The Group's segmental revenue for the current quarter and financial year-to-date is as follows:

	<b>Power cables and wires</b>	<b>Communication cables and wires</b>	<b>Control and instrumentation cables and wires</b>	<b>Others</b>	<b>Adjustment and eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current quarter 31 December 2022</b>						
<b>Revenue:</b>						
Revenue from external customers	206,988	1,606	4,494	25,089	-	238,177
Inter-segment revenue	-	-	-	8,593	(8,593)	-
	<u>206,988</u>	<u>1,606</u>	<u>4,494</u>	<u>33,682</u>	<u>(8,593)</u>	<u>238,177</u>
<b>Segment profit</b>	16,279	256	622	1,231	(18)	18,370
Other income						-
Unallocated expenses						(9,716)
Finance costs						(2,168)
Income tax expenses						(1,918)
Profit for the financial period						<u>4,568</u>
<b>Result:</b>						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						7,835
Depreciation and amortisation						2,188



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

	Power cables and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Preceding quarter 31 December 2021</b>						
<b>Revenue:</b>						
Revenue from external customers	174,257	2,477	4,620	22,668	-	204,022
Inter-segment revenue	-	-	-	7,868	(7,868)	-
	<u>174,257</u>	<u>2,477</u>	<u>4,620</u>	<u>30,536</u>	<u>(7,868)</u>	<u>204,022</u>
<b>Segment profit</b>	10,203	240	356	1,593	(47)	12,345
Other income						-
Unallocated expenses						(6,813)
Finance costs						(1,654)
Income tax expenses						(1,007)
Profit for the financial period						<u>2,871</u>
<b>Result:</b>						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						8,241
Depreciation and amortisation						1,967



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

	Power cables and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Year-to-date 31 December 2022</b>						
<b>Revenue:</b>						
Revenue from external customers	748,959	11,023	15,326	100,571	-	875,879
Inter-segment revenue	-	-	-	34,733	(34,733)	-
	<u>748,959</u>	<u>11,023</u>	<u>15,326</u>	<u>135,304</u>	<u>(34,733)</u>	<u>875,879</u>
<b>Segment profit</b>	44,665	1,274	1,514	4,234	28	51,715
Other income						2,418
Unallocated expenses						(25,932)
Finance costs						(8,342)
Income tax expenses						(5,314)
Profit for the financial year						<u>14,545</u>
<b>Result:</b>						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						29,273
Depreciation and amortisation						8,128



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

	Power cables and wires	Communication cables and wires	Control and instrumentation cables and wires	Others	Adjustment and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Year-to-date 31 December 2021</b>						
<b>Revenue:</b>						
Revenue from external customers	572,607	13,703	14,669	58,960	-	659,939
Inter-segment revenue	-	-	-	24,290	(24,290)	-
	<u>572,607</u>	<u>13,703</u>	<u>14,669</u>	<u>83,250</u>	<u>(24,290)</u>	<u>659,939</u>
<b>Segment profit</b>	33,134	1,291	1,131	3,682	4	39,242
Other income						2,407
Unallocated expenses						(21,498)
Finance costs						(5,841)
Income tax expenses						(3,404)
Profit for the financial year						<u>10,906</u>
<b>Result:</b>						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						26,811
Depreciation and amortisation						7,417

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**
**A10. Material Events Subsequent to the End of the Current Quarter**

There are no other material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

**A11. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

**A12. Contingent Assets and Contingent Liabilities**

Save as disclosed below, there were no other contingent assets or contingent liabilities as at the date of this interim financial report.

	<b>Unaudited as at 31.12.2022 RM'000</b>	<b>Audited as at 31.12.2021 RM'000</b>
Bank guarantee		
- Trade facilities	19,360	14,693
- Contract financing for performance bonds and guarantee	31,167	14,525
	<u>50,527</u>	<u>29,218</u>

**A13. Capital Commitments**

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred.

	<b>Unaudited as at 31.12.2022 RM'000</b>	<b>Audited as at 31.12.2021 RM'000</b>
Capital expenditures contracted but not provided for:		
- Construction of building,	-	2,018
- Purchase of machineries and factory equipment.	6,080	-
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	7,784	9,402
	<u>13,864</u>	<u>11,420</u>

**A14. Related Party Transactions**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>Unaudited 31.12.2022 RM'000</b>	<b>Unaudited 31.12.2021 RM'000</b>	<b>Unaudited 31.12.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
Rental expenses charged by a person connected to a director	14	14	54	54

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**
**B1. Review of Group Performance**

## (a) Result for current quarter

	QUARTER ENDED		Variance RM'000	%
	Current Quarter	Preceding Corresponding Quarter		
	31.12.2022 RM'000	31.12.2021 RM'000		
Revenue	238,177	204,022	34,155	16.74
Profit before Tax	6,486	3,878	2,608	67.25

In the current quarter ended 31 December 2022, the Group recorded revenue of RM238.18 million compared with RM204.02 million for the corresponding quarter in the preceding year ended 31 December 2021, an increase of RM34.16 million or 16.74%.

Geographically, the Malaysian market remained the largest contributor to group revenue, accounting for approximately 96.83% of total revenue, while overseas market makes up the balance 3.17% for the current financial quarter ended 31 December 2022. In absolute terms, sales from Malaysia and overseas grew 15.77% and 57.01% respectively from a year ago.

The Group's revenue growth in the current financial quarter was attributed to higher sales volume, and adjusted average selling prices of cables and wires in line with raw material prices.

The power cables and wires segment accounted for RM206.99 million or 86.91% of the Group's total revenue for the current quarter, an increase of RM32.73 million or 18.78% from RM174.26 million in the previous corresponding quarter, as the Group delivered on purchase orders to Tenaga Nasional Berhad and other customers.

The balance RM31.19 million or 13.09% of total group revenue was derived from the communication cables and wires segment, control and instrumentation cables and wires segment, and others. Overall, revenue from these segments increased by RM1.42 million or 4.78% from RM29.77 million in the previous corresponding quarter, mainly attributed to higher sales of aluminium rods.

The Group's profit before tax jumped to RM6.49 million in the current quarter compared with RM3.88 million in the previous corresponding quarter, an increase of RM2.61 million or 67.25%, on the back of higher revenue, better product mix and adjusted selling prices in line with raw material prices.

## (b) Result for financial year-to-date



**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 31.12.2022 RM'000	Preceding Year to Date 31.12.2021 RM'000	RM'000	%
Revenue	875,879	659,939	215,940	32.72
Profit before tax	19,859	14,310	5,549	38.78

The Group recorded revenue of RM875.88 million for the current financial year ended 31 December 2022 as compared with RM659.94 million for the preceding financial year ended 31 December 2021, an increase of RM215.94 million or 32.72%.

The Malaysian market remained the largest contributor to group revenue, accounting for approximately 97.07% of total revenue, while overseas market makes up the balance 2.93% for the current financial year ended 31 December 2022. In absolute terms, sales from Malaysia and overseas grew 32.59% and 37.45% respectively from a year ago.

The Group's revenue growth for the current financial year ended 31 December 2022 was attributed to higher sales volume, and adjusted selling prices of cables and wires in line with raw material prices.

The power cables and wires segment accounted for RM748.96 million or 85.51% of the Group's total revenue for the current financial year ended 31 December 2022, an increase of RM176.35 million or 30.80% from RM572.61 million in the preceding financial year ended 31 December 2021.

The balance RM126.92 million or 14.49% of total group revenue was derived from the communication cables and wires segment, control and instrumentation cables and wires segment, and others. Overall, revenue from these segments increased by RM39.59 million or 45.33% from RM87.33 million for the preceding financial year ended 31 December 2021, mainly attributed to higher sales of aluminium rods.

The Group recognised profit before tax of RM19.86 million in the current financial year ended 31 December 2022 as compared with RM14.31 million for the preceding financial year ended 31 December 2021, an increase of RM5.55 million or 38.78%, in line with the revenue performance.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B2. Comparison with the Immediate Preceding Quarter Result**

	<b>INDIVIDUAL QUARTER</b>		<b>Variance</b>	
	<b>Current Quarter</b>	<b>Preceding Quarter</b>		
	<b>31.12.2022</b>	<b>30.09.2022</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue	238,177	238,011	166	0.07
Profit before tax	6,486	5,074	1,412	27.83

The Group's revenue for the current quarter increased by 0.07% to RM238.18 million from RM238.01 million in the preceding quarter on higher sales volume of power cables and wires at current price of metal-based materials such as copper and aluminium.

The Group recorded a 27.83% increase in profit before tax from RM5.07 million in the preceding quarter to RM6.49 million in the current quarter attributed to the lower cost of plastic materials.

**B3. Commentary of Prospects**

Since the Movement Control Order was lifted in April 2022, projects across all sectors and business activities have fully recommenced, enabling the nation to record gross domestic product growth of 8.7% in 2022 from 3.1% in 2021.

As Southern Cable continues to receive more orders from its customers in Peninsular Malaysia, the Group also looks to expand its existing sales to Sabah and Sarawak to support infrastructure developments.

With the Budget 2023 re-tabled recently, the anticipated rollout of high impact projects worth RM99 billion under the development expenditure are expected to positively impact demand for cables and wires from key sectors including power distribution and transmission, renewable energy, telecommunication, and construction, as well as oil and gas.

Meanwhile, the Group's orders in hand as at 31 December 2022 (comprising unbilled purchase orders and outstanding order book) stood at RM578.4 million. These include power cables and conductors supply contracts from Tenaga Nasional Berhad secured in July 2022.

Southern Cable is currently applying UL certificates for several new products to target the United States (US) market. The Group is also in the process of formalising an agreement with a US-based customer to supply various power cables and wires.

To address the volatility of raw material costs, Southern Cable will continue to assess and adjust pricing for its new contracts. The lower plastic material prices currently would enable the Group to improve profit margins.

Barring unforeseen circumstances, Southern Cable's outlook remains positive for the financial year ending 31 December 2023.

**B4. Profit Forecast or Profit Guarantee**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**

The Group did not issue any profit forecast or profit guarantee during the current quarter and financial year-to-date.

**B5. Tax Expense**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>In respect of current period:</b>				
Income tax	1,918	1,007	5,314	3,404
Effective tax rate (%)	29.57	25.97	26.76	23.79
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group for the current quarter and financial year-to-date was higher than the statutory tax rate mainly due to non-deductible expenses.

**B6. Status of Corporate Proposals**

During the Extraordinary General Meeting on 11 October 2022, the Group received approval from its shareholders for the proposed bonus issue of 400,000,000 warrants, on the basis of one (1) warrant for every two (2) existing ordinary shares held in Southern Cable ("Bonus Issue with Warrants"). The exercise price of the warrants was fixed at RM0.275 per warrant.

The Bonus Issue of Warrants were completed on 4 November 2022 following the listing and quotation of 400,000,000 on the Main Market of Bursa Malaysia Securities Berhad.

As at the date of this interim financial report, no other corporate proposals were announced by the Company.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B7. Use of Proceeds Raised from Public Issue**

The gross proceeds of approximately RM71.18 million from the Public Issue is intended to be utilised in the following manner:

<b>Detail of utilisation</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance Unutilised RM'000</b>	<b>Intended timeframe for utilisation from the date of listing</b>
Capital expenditure and expansion				Within 36 months
- Purchase and upgrade of new machinery and equipment	18,500	18,500	-	
- Construction of factories	7,500	2,162	5,338	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	213	3,787	
	<b>30,000</b>	<b>20,875</b>	<b>9,125</b>	
Repayment of bank borrowings	9,188	9,188	-	Within 6 months
Working capital	27,490	27,490	-	Within 6 months
Estimated listing expenses	4,500	4,500	-	Within 3 months
<b>Total</b>	<b>71,178</b>	<b>62,053</b>	<b>9,125</b>	

The use of proceeds as disclosed above should be read together with the Prospectus.

**B8. Borrowings**

The details of the Group's borrowings are as follows:

	<b>Unaudited 31.12.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
<b>Non-current</b>		
Term loans	3,891	5,049
Lease liabilities	2,293	3,580
	<b>6,184</b>	<b>8,629</b>
<b>Current</b>		
Term loans	977	1,301
Lease liabilities	2,011	2,215
Bankers' acceptance	208,566	154,586
	<b>211,554</b>	<b>158,102</b>
<b>Total</b>	<b>217,738</b>	<b>166,731</b>

All the borrowings are secured and denominated in Ringgit Malaysia.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B9. Material Litigation**

As at the date of this report, the Group is not engaged in any material litigation.

**B10. Proposed Dividends**

The Board of Directors have proposed a final single tier dividend of 0.28 sen per ordinary share, amounting to approximately RM2.24 million for the financial year ended 31 December 2022. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

**B11. Basic and Diluted Earnings per Share**

The basic and diluted earnings per share ("EPS") for the current quarter and financial year-to-date are computed as follows:

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>Unaudited</u> <u>31.12.2022</u>	<u>Unaudited</u> <u>31.12.2021</u>	<u>Unaudited</u> <u>31.12.2022</u>	<u>Audited</u> <u>31.12.2021</u>
Profit attributable to owners of the Company (RM'000)	4,568	2,871	14,545	10,906
Weighted average number of shares ('000)	800,000	800,000	800,000	800,000
Basic/Diluted EPS (sen) <sup>(1)(2)</sup>	0.57	0.36	1.82	1.36

**Notes:**

- (1) The diluted earnings per share of the Group for the quarter and financial year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.
- (2) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the quarter and financial period/year-to-date.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B12. Notes to the Condensed Consolidated Statement of Comprehensive Income**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 RM'000
Interest income	(51)	(169)	(195)	(1,009)
Interest expenses	2,168	1,654	8,342	5,841
Amortisation/depreciation of investment properties	2	1	7	6
Amortisation/depreciation of property, plant and equipment	1,631	1,332	5,827	4,706
Depreciation of right-of-use assets	555	634	2,294	2,705

Save as disclosed above, the other disclosure items as required under Paragraph 16 of Appendix 9B of the Listing Requirements of Bursa Securities are not applicable.

**B13. Derivative Financial Instruments**

The Group has entered into forward foreign exchange contracts in the current quarter to manage the foreign currency exposures arising from the Group's payables denominated in United States Dollar (USD). Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the Group's outstanding forward foreign exchange contracts as at 31 December 2022 was RM52.67 million. The derivative financial liabilities of RM0.97 million, which measured at fair value, has been recognised in the Unaudited Condensed Consolidated Statement of Financial Position as at the date of this interim financial report.