



SOUTHERN CABLE GROUP BERHAD

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

Interim Financial Report

For The Second Quarter Ended

30 June 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR TO-DATE ENDED	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	231,847	214,550	472,781	399,691
Cost of sales		(217,819)	(202,907)	(445,039)	(378,597)
Gross profit		14,028	11,643	27,742	21,094
Other income		1,775	840	3,611	1,869
Distribution expenses		(3,709)	(3,472)	(7,135)	(6,226)
Administrative expenses		(2,612)	(2,304)	(5,218)	(4,723)
Other expenses		-	-	-	(3)
Operating profit	B12	9,482	6,707	19,000	12,011
Finance costs		(2,394)	(1,889)	(5,095)	(3,712)
Profit before tax		7,088	4,818	13,905	8,299
Income tax expense	B5	(1,742)	(1,210)	(3,419)	(2,080)
Profit/Total comprehensive income for the financial period		5,346	3,608	10,486	6,219
Profit/Total comprehensive income for the financial period after taxation attributable to:					
Owners of the Company		5,346	3,608	10,486	6,219
		5,346	3,608	10,486	6,219
Earnings per Share					
Basic/Diluted (sen) ⁽²⁾⁽³⁾	B11	0.67	0.45	1.31	0.78



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾
(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 2022 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⁽¹⁾

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	54,749	51,956
Right-of-use assets	40,459	40,389
Investment properties	513	517
Total non-current assets	95,721	92,862
Current Assets		
Inventories	190,559	223,256
Current tax assets	3,422	7,879
Trade and other receivables	223,807	224,663
Cash and short-term deposits	50,892	21,872
Derivative financial assets	187	-
Total current assets	468,867	477,670
TOTAL ASSETS	564,588	570,532
EQUITY AND LIABILITIES		
Equity		
Share capital	217,656	217,656
Retained earnings	199,369	191,123
Reserves	(120,947)	(120,947)
Total equity	296,078	287,832
Non-current Liabilities		
Loans and borrowings	9,333	6,184
Deferred tax liabilities	7,738	7,759
Total non-current liabilities	17,071	13,943
Current Liabilities		
Loans and borrowings	186,436	211,554
Provisions	236	221
Current tax liabilities	2	2
Trade and other payables	64,765	56,013
Derivative financial liabilities	-	967
Total current liabilities	251,439	268,757
TOTAL LIABILITIES	268,510	282,700
TOTAL EQUITY AND LIABILITIES	564,588	570,532
Number of issued shares ('000)	800,000	800,000
Net assets per share attributable to owners of the company (RM)	0.37	0.36



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (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 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	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	
Balance as at 1 January 2023 (Audited)	217,656	(120,947)	191,123	287,832
Profit for the financial period representing total comprehensive income for the financial period (Unaudited)	-	-	10,486	10,486
Transaction with owners: Dividend payable	-	-	(2,240)	(2,240)
Balance as at 30 June 2023 (Unaudited)	217,656	(120,947)	199,369	296,078

	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	
Balance as at 1 January 2022 (Audited)	217,656	(120,947)	178,258	274,967
Profit for the financial period representing total comprehensive income for the financial period (Unaudited)	-	-	6,219	6,219
Transaction with owners: Dividend payable	-	-	(1,680)	(1,680)
Balance as at 30 June 2022 (Unaudited)	217,656	(120,947)	182,797	279,506

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 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE 30.06.2023 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.06.2022 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	13,904	8,299
Adjustments for:		
Amortisation/depreciation of investment properties	3	3
Amortisation/depreciation of property, plant and equipment	3,313	2,669
Depreciation of right-of-use assets	1,132	1,167
Fair value gain on derivative financial instruments	(1,154)	(854)
Gain on disposal of property, plant and equipment	(100)	-
Interest expenses	5,095	3,712
Interest income	(268)	(103)
Provision for employee benefit (net)	15	(107)
Property, plant and equipment written off	2	-
Unrealised loss/(gain) on foreign exchange	216	(378)
Operating profit before changes in working capital	22,158	14,408
Changes in working capital:		
Inventories	32,698	290
Trade and other receivables	742	(7,437)
Trade and other payables	6,409	(16,273)
Net cash generated from/(used in) operations	62,007	(9,012)
Income tax paid	(1,313)	(2,742)
Income tax refunded	2,331	-
Interest received	268	103
Interest paid	(238)	(129)
Net cash from/(used in) operating activities	63,055	(11,780)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾ (CONT'D)

	CURRENT YEAR TO-DATE 30.06.2023 Unaudited RM'000	PRECEDING YEAR TO-DATE 30.06.2022 Unaudited RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,399)	(7,118)
Purchase of right-of-use assets	(420)	(24)
Proceed from disposal of property, plant and equipment	101	4,554
Net cash used in investing activities	(2,718)	(2,588)
Cash flows from financing activities		
Interest paid	(4,857)	(3,583)
Drawdown of term loan	777	-
Repayment of term loans	(550)	(856)
Drawdown of lease liabilities	2,367	-
Repayment of lease liabilities	(2,972)	(1,288)
Drawdown of bankers' acceptance	382,621	379,323
Repayment of bankers' acceptance	(408,703)	(367,219)
Net cash (used in)/from financing activities	(31,317)	6,377
Net increase/(decrease) in cash and cash equivalents	29,020	(7,991)
Cash and cash equivalents at the beginning of the financial period	21,840	30,213
Cash and cash equivalents at the end of the financial period	50,860	22,222

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 2022 and the accompanying explanatory notes attached to the interim financial report.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**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 2022 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 2022, except for the following New MFRS and amendments/improvements to MFRSs which are relevant and mandatory for the current financial period:

New MFRS

MFRS 17 Insurance Contracts

Amendments/Improvements to MFRSs

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards#

MFRS 3 Business Combinations#

MFRS 5 Non-current Assets Held for Sale and Discontinued Operations#

MFRS 7 Financial Instruments: Disclosures#

MFRS 9 Financial Instruments#

MFRS 10 Consolidated Financial Statements

MFRS 15 Revenue from Contracts with Customers#

MFRS 16 Leases

MFRS 17 Insurance Contracts

MFRS 101 Presentation of Financial Statements#

MFRS 107 Statements of Cash Flows#

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

MFRS 116 Property, Plant and Equipment#

MFRS 119 Employee Benefits#

MFRS 128 Investments in Associates and Joint Ventures#

MFRS 132 Financial Instruments: Presentation#

MFRS 136 Impairment of Assets#

MFRS 137 Provisions, Contingent Liabilities and Contingent Assets#

MFRS 138 Intangible Assets#

MFRS 140 Investment Property#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**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 2022.

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.

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 0.28 sen per ordinary share amounting to a RM2.24 million in respect of the financial year ended 31 December 2022. The final dividend has been paid by the Company on 28 July 2023 to shareholders whose names appeared in the Record of Depositors at the close of business on 14 July 2023.



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:

	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
Current quarter 30 June 2023						
Revenue:						
Revenue from external customers	205,151	1,592	5,487	19,617	-	231,847
Inter-segment revenue	-	-	-	10,232	(10,232)	-
	<u>205,151</u>	<u>1,592</u>	<u>5,487</u>	<u>29,849</u>	<u>(10,232)</u>	<u>231,847</u>
Segment profit	12,229	270	748	935	(154)	14,028
Other income						1,775
Unallocated expenses						(6,321)
Finance costs						(2,394)
Income tax expenses						(1,742)
Profit for the financial period						<u>5,346</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						9,049
Depreciation and amortisation						2,241



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
Previous quarter 30 June 2022						
Revenue:						
Revenue from external customers	175,732	2,915	5,414	30,489	-	214,550
Inter-segment revenue	-	-	-	8,501	(8,501)	-
	<u>175,732</u>	<u>2,915</u>	<u>5,414</u>	<u>38,990</u>	<u>(8,501)</u>	<u>214,550</u>
Segment profit	9,617	329	439	1,082	176	11,643
Other income						840
Unallocated expenses						(5,776)
Finance costs						(1,889)
Income tax expenses						(1,210)
Profit for the financial period						<u>3,608</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						7,111
Depreciation and amortisation						1,941



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
Year-to-date 30 June 2023						
Revenue:						
Revenue from external customers	412,995	5,241	11,718	42,827	-	472,781
Inter-segment revenue	-	-	-	18,980	(18,980)	-
	<u>412,995</u>	<u>5,241</u>	<u>11,718</u>	<u>61,807</u>	<u>(18,980)</u>	<u>472,781</u>
Segment profit	23,813	726	1,509	1,780	(86)	27,742
Other income						3,611
Unallocated expenses						(12,353)
Finance costs						(5,095)
Income tax expenses						(3,419)
Profit for the financial period						<u>10,486</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						17,724
Depreciation and amortisation						4,448



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
Year-to-date 30 June 2022						
Revenue:						
Revenue from external customers	336,845	5,459	8,307	49,080	-	399,691
Inter-segment revenue	-	-	-	17,102	(17,102)	-
	<u>336,845</u>	<u>5,459</u>	<u>8,307</u>	<u>66,182</u>	<u>(17,102)</u>	<u>399,691</u>
Segment profit	17,796	599	674	1,925	100	21,094
Other income						1,869
Unallocated expenses						(10,952)
Finance costs						(3,712)
Income tax expenses						(2,080)
Profit for the financial period						<u>6,219</u>
Result:						
<i>Included in the measure of segments profit are:</i>						
Employee benefits expense						13,740
Depreciation and amortisation						3,839

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.

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.12.2022 RM'000
Bank guarantee		
- Trade facilities	18,923	19,360
- Contract financing for performance bonds and guarantee	40,061	31,167
	<u>58,984</u>	<u>50,527</u>

A13. Capital Commitments

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

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.12.2022 RM'000
Capital expenditures contracted but not provided for:		
- Construction of building,	1,898	1,157
- Purchase of machineries and factory equipment,	2,158	5,374
- Enterprise Resource Planning information technology system	185	65
Capital expenditures not contracted and not provided for:		
- Construction of building and Enterprise Resource Planning information technology system	6,168	7,953
	<u>10,409</u>	<u>14,549</u>

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2023 RM'000	Unaudited 30.0.2022 RM'000
Rental expenses charged by a person connected to a director	13	13	27	27

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

(a) Result for current quarter

	QUARTER ENDED		Variance	
	Current Quarter	Preceding Corresponding Quarter	RM'000	%
	30.06.2023 RM'000	30.06.2022 RM'000	RM'000	%
Revenue	231,847	214,550	17,297	8.06
Profit before Tax	7,088	4,818	2,270	47.11

In the current quarter ended 30 June 2023, the Group recorded revenue of RM231.85 million compared with RM214.55 million in the previous corresponding quarter ended 30 June 2022, an increase of RM17.30 million or 8.06%.

Geographically, the Malaysian market remained the larger contributor to group revenue, accounting for 96.90% of total revenue, while overseas market made up the balance 3.10% in the current financial quarter. In absolute terms, sales from Malaysia and overseas grew 7.29% and 39.41% 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 RM205.15 million or 88.49% of the Group's total revenue for the current quarter, an increase of RM29.42 million or 16.74% from RM175.73 million in the previous corresponding quarter.

The balance RM26.70 million or 11.51% 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 decreased by RM12.12 million or 31.23% from RM38.82 million in the previous corresponding quarter, mainly due to lower sales of aluminium rods, rectifier systems, as well as communication cables and wires.

The Group's profit before tax jumped to RM7.09 million in the current quarter compared with RM4.82 million in the previous corresponding quarter, an increase of RM2.27 million or 47.11%, on the back of the higher revenue, better product mix, improved efficiency, and adjusted selling prices in line with raw material prices.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(b) Result for financial year-to-date

	YEAR-TO-DATE ENDED		Variance	
	Current Year to Date 30.06.2023 RM'000	Preceding Year to Date 30.06.2022 RM'000	RM'000	%
Revenue	472,781	399,691	73,090	18.29
Profit before tax	13,905	8,299	5,606	67.55

The Group recorded revenue of RM472.78 million for the current financial period ended 30 June 2023 as compared with RM399.69 million for the previous financial period ended 30 June 2022, an increase of RM73.09 million or 18.29%.

Geographically, the Malaysian market remained the larger contributor to group revenue, accounting for approximately 95.55% of total revenue, while overseas market made up the balance 4.45% in the current financial period. In absolute terms, sales from Malaysia and overseas grew 16.63% and 70.05% respectively compared to the previous period.

The Group's revenue growth in the current financial period 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 RM413.00 million or 87.35% of the Group's total revenue for the current period, an increase of RM76.15 million or 22.61% from RM336.85 million in the previous period.

The balance RM59.79 million or 12.65% 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 decreased by RM3.06 million or 4.87% from RM62.85 million in the previous period, mainly on lower sales of aluminium rods and rectifier systems. The decrease was partially offset by higher sales of control and instrumentation cables and wires.

The Group recognised profit before tax of RM13.91 million in the current financial period compared with RM8.30 million in the previous period, an increase of RM5.61 million or 67.55% on the back of higher revenue, better product mix, and increased other income.

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

	INDIVIDUAL QUARTER		Variance	
	Current Quarter	Preceding Quarter	RM'000	%
	30.06.2023	31.03.2023		
	RM'000	RM'000		
Revenue	231,847	240,934	(9,087)	(3.77)
Profit before tax	7,088	6,817	271	3.98

The Group's revenue for the current quarter decreased by 3.77% to RM231.85 million from RM240.93 million in the preceding quarter ended 31 March 2023 on lower sales of communication cables and wires, and aluminium rods. Still, the Group noted higher sales of power cables and wires, the largest revenue contributor.

The Group recorded a 3.98% increase in profit before tax from RM6.82 million in the preceding quarter to RM7.09 million in the current quarter attributed to higher sales of power cables and wires, and lower finance cost.

B3. Commentary of Prospects

The Group's prospects are supported by the growing demand for cables and wires in Malaysia, in line with ongoing development and infrastructure projects.

Southern Cable recently secured its single-largest supply contract to date worth RM332.1 million to supply underground cables and conductors to Tenaga Nasional Berhad. This achievement boosted the Group's year-to-date wins to more than RM500 million, and its current orders in hand to exceed RM1.0 billion.

The current orders in hand to be fulfilled until 2026 include sizeable contracts with key customers, such as more than RM460 million worth of underground cable and conductor supply agreement with Tenaga Nasional Berhad, and an RM44.8 million contract for battery systems supply with Telekom Malaysia Berhad. Additionally, the Group poised to secure purchase orders across various customers, including EPCC (Engineering Procurement Construction Commissioning) contractors, resellers, and others.

Meanwhile, Southern Cable is aiming to capitalise on the growing demand for power cables and wires from the nation's long-term energy security objectives.

On 27 July 2023, the Ministry of Economy of Malaysia unveiled 10 flagship projects under Phase 1 of the Energy Transition Roadmap, encompassing solar farms, hydrogen energy, and others, with anticipated investments of RM25 billion. A projected total investment of between RM435 billion to RM1.85 trillion until 2050 will be required to enable Malaysia to achieve its target of 70% RE capacity mix, which involves investment in RE generation sources, strengthening of grid infrastructure including transmission lines enhancement, and energy storage systems, among others.

To this end, Southern Cable has developed full range of power cables and wires, including solar photovoltaic cables certified by TÜV SÜD. These products have been used by EPCC solar players for projects such as Large Scale Solar, placing the Group in good stead to tap into the renewable energy market.

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

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	Unaudited 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000
In respect of current period:				
Income tax	1,742	1,210	3,419	2,080
Effective tax rate (%)	24.58	25.11	24.59	25.06
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

There are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

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:

Detail of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation from the date of listing
Capital expenditure and expansion				Within 36 months
- Purchase and upgrade of new machinery and equipment	18,500	18,500	-	
- Construction of factories	7,500	3,314	4,186	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	345	3,655	
	30,000	22,159	7,841	
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
Total	71,178	63,337	7,841	

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:

	Unaudited 30.06.2023 RM'000	Audited 31.12.2022 RM'000
Non-current		
Term loans	3,988	3,891
Lease liabilities	5,345	2,293
	9,333	6,184
Current		
Term loans	1,106	977
Lease liabilities	2,846	2,011
Bankers' acceptance	182,484	208,566
	186,436	211,554
Total	194,769	217,738

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 Company declared a final dividend of 0.28 sen per ordinary share amounting to a RM2.24 million in respect of the financial year ended 31 December 2022. The final dividend has been paid by the Company on 28 July 2023 to shareholders whose names appeared in the Record of Depositors at the close of business on 14 July 2023.

No dividends were declared or recommended for payment by the Board of Directors of the Company during the current quarter.

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>30.06.2023</u>	<u>Unaudited</u> <u>30.06.2022</u>	<u>Unaudited</u> <u>30.06.2023</u>	<u>Unaudited</u> <u>30.06.2022</u>
Profit attributable to owners of the Company (RM'000)	5,346	3,608	10,486	6,219
Weighted average number of shares ('000)	800,000	800,000	800,000	800,000
Basic/Diluted EPS (sen) ⁽¹⁾⁽²⁾	0.67	0.45	1.31	0.78

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 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000
Interest income	(170)	(19)	(268)	(103)
Interest expenses	2,394	1,889	5,095	3,712
Amortisation/depreciation of investment properties	1	1	3	3
Amortisation/depreciation of property, plant and equipment	1,658	1,356	3,313	2,669
Depreciation of right-of-use assets	582	584	1,132	1,167

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 30 June 2023 was RM31.24 million. The derivative financial assets of RM0.19 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.