



SARAWAK CABLE BERHAD
(Registration No. 199801000274 (456400-V))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		3 months ended	
		31.08.2022 RM'000	31.08.2021 RM'000	31.08.2022 RM'000	31.08.2021 RM'000
Revenue		179,274	N/A	179,274	N/A
Cost of sales		(168,475)	N/A	(168,475)	N/A
Gross profit		10,799	N/A	10,799	N/A
Other operating income		6,227	N/A	6,227	N/A
Administrative expenses		(4,744)	N/A	(4,744)	N/A
Other operating expenses		(8,138)	N/A	(8,138)	N/A
Operating profit		4,144	N/A	4,144	N/A
Finance costs		(4,107)	N/A	(4,107)	N/A
Profit before tax	A8	37	N/A	37	N/A
Income tax expense	A9	(583)	N/A	(583)	N/A
Loss for the period		(546)	N/A	(546)	N/A
Other comprehensive loss					
Exchange differences on translation of foreign operation		(2,198)	N/A	(2,198)	N/A
Net movement of cash flow hedges		(3,752)	N/A	(3,752)	N/A
Income tax related to cash flow hedges		900	N/A	900	N/A
Other comprehensive loss for the period, net of tax		(5,050)	N/A	(5,050)	N/A
Total comprehensive loss for the period, net of tax		(5,596)	N/A	(5,596)	N/A
Loss for the period attributable to:					
Equity holders of the company		(546)	N/A	(546)	N/A
Non-controlling interests		-	N/A	-	N/A
		(546)	N/A	(546)	N/A
Total comprehensive loss for the period, net of tax attributable to:					
Equity holders of the company		(5,596)	N/A	(5,596)	N/A
Non-controlling interests		-	N/A	-	N/A
		(5,596)	N/A	(5,596)	N/A
Loss per share attributable to equity holders of the company (sen per share):					
Basic	A10	(0.14)	N/A	(0.14)	N/A
Diluted	A10	(0.14)	N/A	(0.14)	N/A

Notes:

(i) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 31 May 2022 and the accompanying notes to the quarter report attached hereto.

(ii) The financial year end has been changed from 31 December to 31 May.

(iii) In addition, there is no comparative figures available for the preceding year corresponding period ended 31 August 2021.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 AUGUST 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.08.2022 RM'000	31.05.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A11	213,772	216,454
Deferred tax assets		20,762	19,635
Trade receivables		20,132	19,544
Investment in associate		1,477	-
		<u>256,143</u>	<u>255,633</u>
Current assets			
Inventories		124,705	117,969
Trade and other receivables		187,261	140,089
Other current assets		6,177	7,531
Contract assets		7,613	8,417
Tax recoverable		12,231	12,445
Cash and bank balances	A12	20,617	18,416
		<u>358,604</u>	<u>304,867</u>
Asset held for sale	A7	61,891	96,555
		<u>420,495</u>	<u>401,422</u>
TOTAL ASSETS		<u>676,638</u>	<u>657,055</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A13	351,285	378,599
Trade and other payables		172,959	122,748
Contract liabilities		7,290	6,541
Derivative liabilities		4,780	1,028
		<u>536,314</u>	<u>508,916</u>
Liabilities directly associated with the assets held for sale	A7	32,135	32,069
		<u>568,449</u>	<u>540,985</u>
Net current liabilities		<u>(147,954)</u>	<u>(139,563)</u>
Non-current liabilities			
Loans and borrowings	A13	64,494	66,883
Trade payables		6,535	6,535
Deferred tax liabilities		6,315	6,211
		<u>77,344</u>	<u>79,629</u>
Total liabilities		<u>645,793</u>	<u>620,614</u>
Net assets		<u>30,845</u>	<u>36,441</u>
Equity attributable to equity holders of the Company			
Share capital		267,215	267,215
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(4,924)	(2,726)
Hedge reserve		(3,633)	(781)
Accumulated losses		(186,026)	(185,480)
		<u>35,332</u>	<u>40,928</u>
Non-controlling interests		(4,487)	(4,487)
Total equity		<u>30,845</u>	<u>36,441</u>
TOTAL EQUITY AND LIABILITIES		<u>676,638</u>	<u>657,055</u>
Net assets per share attributable to owners of the Company (sen)		8	9

Notes:

(i) *The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 31 May 2022 and the accompanying notes to the quarter report attached hereto.*

(ii) *The financial year end has been changed from 31 December to 31 May.*

(iii) *In addition, there is no comparative figures available for the preceding year corresponding period ended 31 August 2021.*



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Total equity attributable to equity holders of the Company, total	Attributable to equity holders of the Company					Non-controlling interests
			Share capital	Reverse acquisition reserve	Foreign currency translation reserves	Hedge reserve	Revenue reserves	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	132,381	135,814	238,321	(37,300)	(695)	-	(64,512)	(3,433)
Loss for the period	(121,457)	(120,968)	-	-	-	-	(120,968)	(489)
Other comprehensive income	(3,377)	(2,812)	-	-	(2,031)	(781)	-	(565)
Total comprehensive income	(124,834)	(123,780)	-	-	(2,031)	(781)	(120,968)	(1,054)
Issuance of share capital	30,220	30,220	30,220	-	-	-	-	-
Share capital expenses	(1,326)	(1,326)	(1,326)	-	-	-	-	-
At 31 May 2022	36,441	40,928	267,215	(37,300)	(2,726)	(781)	(185,480)	(4,487)

Notes:

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Total equity attributable to equity holders of the Company, total	Attributable to equity holders of the Company					Non-controlling interests
			Share capital	Reverse acquisition reserve	Foreign currency translation reserves	Hedge reserve	Revenue reserves/ (Accumulated loss)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2022	36,441	40,928	267,215	(37,300)	(2,726)	(781)	(185,480)	(4,487)
Loss for the period	(546)	(546)	-	-	-	-	(546)	-
Other comprehensive income	(5,050)	(5,050)	-	-	(2,198)	(2,852)	-	-
Total comprehensive income	(5,596)	(5,596)	-	-	(2,198)	(2,852)	(546)	-
At 31 August 2022	30,845	36,332	267,215	(37,300)	(4,924)	(3,633)	(186,026)	(4,487)

Notes:

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31.08.2022 Unaudited RM'000	31.05.2022 Audited RM'000
Operating activities			
Loss before tax		37	(103,450)
- continuing operations		37	(56,877)
- discontinued operations		-	(46,573)
Adjustments for:			
Allowance for impairment loss on:			
- Trade receivables		-	3,548
Amortisation of transaction cost		-	933
Bad debts written off		-	38
Bank charges written off		-	(2,234)
Depreciation of property, plant and equipment	A8	3,579	20,076
Finance income from concessions financial assets		-	(7,744)
Forfeiture of deposit		-	(66)
Gain on disposal of property, plant and equipment	A8	(59)	(351)
(Reversal)/impairment loss recognised on the remeasurement to fair value	A8	(126)	54,474
Interest income	A8	(13)	(1,373)
Interest expense	A8	4,107	27,283
Inventories written down	A8	53	751
Inventories written off		-	235
Loss on debt modification		-	279
Loss on lease remeasurement		-	164
Reversal of allowance for impairment loss of trade receivables		-	(259)
Reversal of impairment of assets held for sale	A8	-	(1,692)
Reversal of impairment of property, plant and equipment		-	(3,599)
Unrealised loss/(gain) on foreign exchange, net	A8	156	(2,848)
Waiver of debts		-	(1,110)
Operating cash flows before working capital changes		7,734	(16,945)
Changes in working capital:			
Increase in inventories		(6,789)	(20,270)
(Increase)/decrease in trade and other receivables		(47,723)	33,551
Increase in concessions financial assets		-	(5,667)
Decrease/(increase) in other current assets		2,909	(13,594)
Increase in assets held for sale		34,664	-
Increase in trade and other payables		50,410	14,904
Total changes in working capital		33,471	8,924

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31.08.2022 Unaudited RM'000	31.05.2022 Audited RM'000
Cash flows generated from/(used in) operations		41,205	(8,021)
Interest paid		(4,107)	(27,283)
Tax paid, net of refund		(492)	(6,061)
Net cash flows from/(used in) operating activities		<u>36,606</u>	<u>(41,365)</u>
Investing activities			
Proceeds from disposal of property, plant and equipment		59	783
Purchase of property, plant and equipment		(1,099)	(5,810)
Interest received		13	1,373
Investment in associate		(1,477)	-
Net cash used in investing activities		<u>(2,504)</u>	<u>(3,654)</u>
Financing activities			
Repayment from borrowings		(221)	(2,019)
Repayment of lease liabilities		(29,411)	(2,494)
Issuance of share capital		-	30,220
Share capital expenses		-	(1,326)
(Decrease)/increase in cash and bank balances pledged for bank borrowings		(386)	1,547
Net cash (used in)/from financing activities		<u>(30,018)</u>	<u>25,928</u>
Net increase/(decrease) in cash and cash equivalents		4,084	(19,091)
Effect on exchange rate changes		(2,198)	(2,532)
Cash and cash equivalents at 1 June 2022/1 January 2021		<u>13,345</u>	<u>34,968</u>
Cash and cash equivalents at 31 August 2022/31 May 2022		<u>15,231</u>	<u>13,345</u>

Notes:

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2022

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Corporate information

Sarawak Cable Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 31 October 2022.

A2. Significant accounting policies

These interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the period ended 31 May 2022.

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the period ended 31 May 2022, except for the adoption of new standards effective as at 1 January 2021:

- Amendments to MFRS 3, *Reference to the Conceptual Framework*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018 - 2020
- Amendments to MFRS 16, *Covid-19 Related Rent Concessions*
- Amendments to MFRS 7, *Financial Instruments: Disclosures*
- MFRS 9, *Financial Instruments*
- MFRS 139, *Financial Instruments: Recognition and Measurement*
- MFRS 4, *Extension of the Temporary Exemption from Applying MFRS 9*
- MFRS 16, *Leases– Interest Rate Benchmark Reform – Phase 2*

The initial application of the above do not have any material impact on the financial statement of the Group.

A3. Changes in estimates

There were no changes in estimates that have a material effect in the current interim results.

A4. Item of unusual nature, size or incidence

There was no item of unusual nature, size or incidence.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2022

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A5. Segment information

	Sales of cables and wires		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue														
External customers	169,835	N/A	4,403	N/A	4,435	N/A	601	N/A	179,274	N/A	-	-	179,274	N/A
Inter-segment	-	-	-	-	-	-	1,455	N/A	1,455	N/A	(1,455)	N/A	-	-
Total revenue	169,835	N/A	4,403	N/A	4,435	N/A	2,056	N/A	180,729	N/A	(1,455)	N/A	179,274	N/A
Segment profit/(loss)	2,059	N/A	(236)	N/A	1,549	N/A	(3,364)	N/A	8	N/A	29	-	37	N/A

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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A5. Segment information (contd.)

The Group is organised into business units based on their products and services, and has four operating segments as follows:

- (a) The sales of cable and wires segment supplies power and telecommunication cables and cable components to consumers.
- (b) The sales of galvanised products and steel structures segment supplies galvanised products and steel structures. It also offers galvanising services.
- (c) The transmission lines construction segment involves the supply, installation and commissioning of transmission line projects.
- (d) The power generation, helicopter services and corporate segment is involved in power generation business, provision of helicopter services and Group-level corporate and management services.

Sales of cables and wires

The sales of cables and wires segment contributed 94.7% of the total revenue of the Group for the period ended 31 August 2022 and is the main contributor to the Group’s operating profit in 2022.

The segment recorded a revenue and loss before tax of RM169.8 million and RM2.1 million respectively for the period ended 31 August 2022.

Market demand for products under this segment has shown improvement in consideration that all economic sectors in Malaysia were reopened in January 2022.

The Group continues to explore opportunity to increase its markets share locally and overseas.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.5% of the total revenue of the Group for the period ended 31 August 2022 .

The Group’s subsidiary whose sales and services are in this segment, concentrates mainly in East Malaysia.

This segment recorded a loss before tax of RM0.2 million for period ended 31 August 2022. Market demand for products under this segment has started to pick up in consideration that all economic sectors in Malaysia were reopened in January 2022.

The Group continues to explore opportunities to supply and sell its products and services in Malaysia and especially in Borneo Island.



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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 2.5% of the total revenue of the Group for the period ended 31 August 2022.

The segment recorded a revenue and profit before tax of RM4.4 million and RM1.5 million respectively for the financial period ended 31 August 2022 mainly due to reversal of provision for damages upon completion of a completed project.

The Group anticipates increase contribution from this segment in view that all movement restrictions were fully lifted in January 2022.

The Group continuous plans for the power transmission industry, includes active participation in works as subcontractors and implement and strengthen our project management team to better manage the cost and completion timeline of on-going projects.

Power generation, helicopter services and corporate

The power generation, helicopter services and corporate segment provides power generation business, provision of helicopter services and Group-level corporate and management services. In the financial period ended 31 August 2022, helicopter services and corporate segment contributed RM0.6 million to the total revenue of the Group.

Consolidated profit before tax

The Group recorded a profit before tax of RM37k for the three (3) months period ended 31 August 2022 is partly due to reversal of impairment recognised on the remeasurement to fair value on assets held for sale of RM0.1 million.

The other factors which had affected the current quarter’s loss before tax are explained above.

A6. Seasonality of operations

The Group's operations were not significantly affected by seasonal or cyclical factors.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2022

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A7. Asset held for sale

On 29 July 2022, the Company made an announcement that it has entered into a Conditional Share Purchase Agreement (“CSPA”) to dispose of PT Inpolo Elektrindo (“PT IME”), a subsidiary which the Company holds 78.33% equity interest. The business of PT IME represented the entirety of the Group’s power generation operation segment. With PT IME being classified as discontinued operation, the power generation operation segment is no longer presented in the segment note. The proposed disposal of PT. IME is expected to be completed by the first quarter of 2023.

At 31 August 2022, the assets and liabilities related to PT IME have been presented as assets held for sale.

Statement of financial position disclosure:

The major classes of assets and liabilities of PT IME classified as held for sale as at 31 August 2022 are as follows:

	31 August 2022 RM’000
Assets	
Property, plant and equipment	20
Intangible asset	2,510
Concession financial asset	111,050
Trade and other receivables	1,486
Other current assets	463
Cash and bank balances	2,870
	<u>118,399</u>
Loss on disposal of discontinued operation	<u>(56,508)</u>
Assets held for sale	<u>61,891</u>
Liabilities	
Loans and borrowings	(21,396)
Trade and other payables	(5,577)
Tax payables	(1)
Deferred tax liabilities	(5,161)
Liabilities directly associated with assets held for sale	<u>(32,135)</u>
Net assets directly associated with disposal group	<u>(29,756)</u>

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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A8. The following items have been included in arriving at loss before tax:

	Current 2 months ended		Cumulative 3 months ended	
	31 Aug 2022 RM'000	31 Aug 2021 RM'000	31 Aug 2022 RM'000	31 Aug 2021 RM'000
Depreciation of property, plant and equipment	3,579	N/A	3,579	N/A
Gain on disposal of property, plant and equipment	(59)	N/A	(59)	N/A
Gain recognised on the remeasurement to fair value	(126)	N/A	(126)	N/A
Interest expense	4,107	N/A	4,107	N/A
Interest income	(13)	N/A	(13)	N/A
Inventories written down	53	N/A	53	N/A
Unrealised loss on foreign exchange	156	N/A	156	N/A

A9. Income tax expense

	Current 3 months ended		Cumulative 3 months ended	
	31 Aug 2022 RM'000	31 Aug 2021 RM'000	31 Aug 2022 RM'000	31 Aug 2021 RM'000
Current income tax:				
Based on results for the period	704	N/A	704	N/A
Over provision of deferred tax in respect of previous period	-	N/A	-	N/A
Deferred income tax	(121)	N/A	(121)	N/A
	583	N/A	583	N/A

The effective tax rate for the current and cumulative current quarter ended 31 August 2022 was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes and deferred tax assets not recognised for losses incurred in certain subsidiaries .

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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A10. Loss per share

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

The Group had no potential ordinary shares in issue as at the reporting date and therefore, diluted loss per share is presented as equal to basic loss per share.

The following are the loss and share data used in the computation of basic and diluted loss per share:

	Current quarter		Current period to date	
	31 Aug 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021
Loss net of tax attributable to equity holders the Company (RM'000)	(546)	N/A	(546)	N/A
Weighted average number of ordinary shares in issue ('000)	398,985	N/A	398,985	N/A
Basic and diluted loss per share (sen per ordinary share)	(0.14)	N/A	(0.14)	N/A
Diluted loss per share (sen per ordinary share)	(0.14)	N/A	(0.14)	N/A

A11. Property, plant and equipment

During the period ended 31 August 2022, the Group acquired assets at the cost of RM1.1 million.

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31 Aug 2022	31 May 2022
	RM'000	RM'000
Cash in hand and at banks	17,832	16,017
Deposits with licensed banks	2,785	2,399
Cash and bank balances	20,617	18,416

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	31 Aug 2022	31 May 2022
	RM'000	RM'000
Cash and bank balances	21,448	18,416
Less: Bank overdrafts	(2,601)	(2,672)
Deposits pledged	(2,785)	(2,399)
Cash and cash equivalents	15,231	34,968



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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A13. Loans and borrowings

	31 Aug 2022 RM’000	31 May 2022 RM’000
Current		
Secured	20,337	52,740
Unsecured	329,247	325,859
	<u>351,285</u>	<u>378,599</u>
Non-current		
Secured	52,187	66,883
Unsecured	12,307	-
	<u>64,494</u>	<u>66,883</u>
	<u>415,779</u>	<u>445,482</u>

A14. Dividend paid

No dividend had been paid for the period ended 31 August 2022.

A15. Commitments

	31 August 2022 RM’000	31 May 2022 RM’000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	596	1,212
Approved but not contracted for:		
Property, plant and equipment	8,733	4,485
	<u>9,329</u>	<u>5,697</u>

A16. Significant events during and after the reporting period

On 29 September 2022, the Company announced that the Company and six (6) of its subsidiaries (“the Applicants”) as part of proactive measure to address its debt obligations have applied to the High Court of Sabah and Sarawak at Kuching (“the Court”) and the Court has allowed the Applicants on the following:

- (a) leave to be granted to the call for a Court convened meeting(s) pursuant to Section 366(1) of the Companies Act 2016 (“the Act”) with the creditors of the Applicants or any class of them (“Scheme Creditors”) (“Scheme Meeting(s)”) for the purpose of considering and, if thought fit, approving with or without modification the proposed scheme of arrangement and compromise between the Applicants and the Scheme Creditors (“Proposed Scheme of Arrangement”); and
 - (b) a restraining order pursuant to Section 368(1) of the Act in conjunction with the debt restructuring effort by the Applicants to address its outstanding financial obligations without having the threat of any proceedings and actions being brought against the Applicants (“Restraining Order”).
- (collectively, known as “the Application”).

On 21 October 2022, the Company announced that it had on 20 October 2022 received a notice from Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad of an application to intervene in the Company’s Application.



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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Contingencies

There were no significant contingencies as at the end of the current financial quarter.

B2. Related party transactions

The following table provides information on the transactions which were entered into with related parties during the period ended 31 August 2022 and 31 August 2021 as well as the balances with the related parties as at 31 May 2022 and 31 December 2020.

		August 2022		August 2022/May 2022	
		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2022	280	-	104	-
SESCO Berhad	2021	N/A	N/A	96	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha	2022	273	40,740	13,907	8,229
Industries Sdn. Bhd.	2021	N/A	N/A	10,641	1,924
Leader	2022	-	112	-	-
Solar	2021	N/A	N/A	-	-
Sdn. Bhd.					

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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B3. Review of performance

Explanatory comments on the performance of each of the Group’s business segments are provided in Note A5.

B4. Comment on material change in profit before taxation

During the current reporting period, the performance of the Group has improved partly due to reversal of impairment recognised on the remeasurement to fair value on assets held for sale of RM0.1 million and mainly due to an improved performance from the Cable and Wires segment.

B5. Commentary on prospects

The Cables and Wire segment received several large book orders during the current reporting quarter. We expect more book orders to be secured in the coming months within the year.

The Group continues to be faced with various challenges that affect the operations and financial performance. However, various mitigation actions are being executed to alleviate the effects. The Group will be undertaking a restructuring program to rehabilitate the financial performance of the Group as mentioned in Note A16.

In view of these, the Group remains cautious of its performance for the remaining financial year.

B6. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B7. Corporate proposals

(1) Proposed Private Placement of up to 30% of the total number of issued shares of the Company

On 22 February 2021, the Company announced that it proposed to undertake the proposed private placement of up to 95,115,000 new ordinary shares in the Company (“Shares”) representing up to 30% of the total number of issued shares of the Company (“the Proposal”).

On 17 March 2021, the Company has submitted the additional listing application and draft circular to shareholders of the Company, in relation to the Proposal for Bursa Securities’ clearance.

The Company has obtained approval from Bursa Securities for the Proposal on 23 March 2021.

On 7 April 2021, the Company has dispatched the circular to shareholder to seek shareholders’ approval on the Proposal at an Extraordinary General Meeting (“EGM”) to be convened on 23 April 2021.

Shareholders’ approval was obtained at the aforesaid EGM.

On 11 May 2021, the Company raised RM7.65 million with the issuance of 18,525,000 Shares.

The Company has on 4 June 2021 announced that the Company shall seek fresh approval from its shareholders in respect of the placement of 63,410,000 subscription shares to Petra Transit Systems Sdn Bhd (“the Subscriber”).

Subsequently on 10 June 2021, the Company dispatched the circular to shareholders to seek fresh approval from its shareholders in respect of the placement of 63,410,000 subscription shares to the Subscriber pursuant to paragraph 8.22 of the Main Market Listing Requirements in respect of the material variation to the terms of the subscription agreement.

On 1 July 2021, the Company raised RM22.57 million with the issuance of 63,410,000 Shares to the Subscriber.



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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B7. Corporate proposals (contd.)

- (1) Proposed Private Placement of up to 30% of the total number of issued shares of the Company (contd.)

On 8 September 2021, the Company announced that Bursa Securities has granted an extension of time until 22 March 2022 to complete the Proposal.

On 17 March 2022, the Company announced that Bursa Securities has granted a further extension of time until 22 September 2022 to complete the Proposal.

On 23 September 2022, the Company announced that the extension of time of up to 22 September 2022 granted by Bursa Securities to implement the Proposal has lapsed and accordingly, the Proposal is deemed completed.

Status of utilisation of proceeds from the Proposal:

The gross proceeds from the Proposal of RM 30.22 million have been/shall be utilised in the following manner:

	Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from date of listing	Explanation
		RM'000	RM'000	RM'000	RM'000		
(i)	Working capital requirements	28,940	(28,894)	(46)	-	Within 12 months	-
(ii)	Estimated expenses	1,280	(1,326)	46	-	Within 1 month	Note A
		<u>30,220</u>	<u>(30,220)</u>	<u>-</u>	<u>-</u>		

Explanation:

Note A: The expenses represented actual expenses incurred for completion of EGM and raising of the gross proceeds of RM30.2 million.

- (2) Proposal for disposal of equity interest held in PT Inpola Mitra Elektrindo (“PT IME”) to KAB Energy Holdings Sdn Bhd (“KEH”), a wholly owned subsidiary of Kejuruteraan Asastera Berhad

On 19 January 2022, the Company announced that it has entered into a term sheet with KEH for the proposed disposal of equity interest in PT IME to KEH (“Proposed Disposal”) and that the Proposed Disposal is subject to a share sale and purchase agreement to be entered upon satisfactory completion of the due diligence exercise to be carried out by KEH on PT IME.

On 29 July 2022, the Company announced that it has entered into a Conditional Share Purchase Agreement for the Proposed Disposal with KEH for a total consideration of RM75,000,000.00.

On 18 October 2022, the Company announced that it had informed KEH that it has obtained a Restraining Order for a period of three (3) months and during this period, the Company will not be able to proceed with the Proposed Disposal and that KEH will be notified once the Restraining Order expires.

Subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed by first quarter of 2023.



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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B8. Changes in material litigation

There were no material litigation during the current financial period up to the date of this quarterly report.

B9. Dividends payable

No dividend was payable for the period ended 31 August 2022.

B10. Disclosure of nature of outstanding derivatives

The outstanding derivatives were for the forward hedges with the London Metal Exchange (“LME”) brokers.

B11. Risks and policies of derivatives

The Group will only enter into a LME or currency derivative to hedge against potential commodity or currency fluctuation.

B12. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 August 2022 and 31 May 2022 other than the derivatives as disclosed in Note B10 above.

B13. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2020 was not qualified.

B14. Authorised for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 October 2022.

By order of the Board