



SARAWAK CABLE BERHAD
(456400-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Current quarter 3 months ended		Cumulative quarter 3 months ended	
	Note	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Revenue		128,189	110,672	258,623	263,367
Cost of sales		(124,597)	(108,226)	(248,284)	(254,074)
Gross profit		3,592	2,446	10,339	9,293
Other operating income		2,232	(8,773)	7,037	3,551
Administrative expenses		(5,392)	(4,934)	(11,087)	(11,548)
Other operating expenses		(4,020)	(4,216)	(8,059)	(8,973)
Operating loss		(3,588)	(15,477)	(1,770)	(7,677)
Finance costs		(4,666)	(4,353)	(8,717)	(9,450)
Loss before tax	A7	(8,254)	(19,830)	(10,487)	(17,127)
Income tax expense	A8	(230)	(912)	(401)	(1,431)
Loss for the period		(8,484)	(20,742)	(10,888)	(18,558)
Other comprehensive (loss)/profit					
Exchange differences on translation of foreign operation		(38)	490	(1,955)	(317)
Net movement of cash flow hedges		-	5,534	-	1,907
Income tax related to cash flow hedges		-	(1,327)	-	(457)
Other comprehensive (loss)/profit for the period, net of tax		(38)	4,697	(1,955)	1,133
Total comprehensive loss for the period, net of tax		(8,522)	(16,045)	(12,843)	(17,425)
Loss for the period attributable to:					
Equity holders of the company		(8,138)	(17,768)	(10,705)	(17,218)
Non-controlling interests		(346)	(2,974)	(183)	(1,340)
		(8,484)	(20,742)	(10,888)	(18,558)
Total comprehensive loss for the period, net of tax attributable to:					
Equity holders of the company		(8,167)	(13,177)	(12,236)	(16,016)
Non-controlling interests		(355)	(2,868)	(607)	(1,409)
		(8,522)	(16,045)	(12,843)	(17,425)
Loss per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(2.57)	(5.60)	(3.38)	(5.43)
Diluted	A9	(2.57)	(5.60)	(3.38)	(5.43)

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2021
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.06.2021 RM'000	31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	249,322	258,074
Intangible assets		2,510	2,510
Deferred tax assets		37,032	36,508
Concession financial assets	A11	102,606	99,045
Trade receivables		20,568	20,512
		<u>412,128</u>	<u>416,649</u>
Current assets			
Inventories		117,851	98,685
Trade and other receivables		184,670	171,643
Other current assets		4,353	11,702
Contract assets		-	3
Tax recoverable		10,052	8,188
Cash and bank balances	A13	24,567	42,500
		<u>341,493</u>	<u>332,721</u>
TOTAL ASSETS		<u><u>753,621</u></u>	<u><u>749,370</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	395,529	395,807
Trade and other payables		103,246	114,222
Contract liabilities		36,569	15,956
Income tax payable		1,227	567
		<u>536,571</u>	<u>526,552</u>
Net current liabilities		<u>(195,078)</u>	<u>(193,831)</u>
Non-current liabilities			
Loans and borrowings	A14	72,770	72,681
Trade payables		6,542	6,542
Deferred tax liabilities		10,996	11,214
		<u>90,219</u>	<u>90,437</u>
Total liabilities		<u>626,790</u>	<u>616,989</u>
Net assets		<u>126,831</u>	<u>132,381</u>
Equity attributable to equity holders of the Company			
Share capital		245,614	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(2,226)	(695)
Accumulated losses		(75,217)	(64,512)
		<u>130,871</u>	<u>135,814</u>
Non-controlling interests		(4,040)	(3,433)
Total equity		<u>126,831</u>	<u>132,381</u>
TOTAL EQUITY AND LIABILITIES		<u><u>753,621</u></u>	<u><u>749,370</u></u>
Net assets per share attributable to owners of the Company (sen)		41	42

The condensed consolidated statements of financial position should be read in conjunction with the accompanying notes attached to the interim financial statement.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Attributable to equity holders of the Company						Non-controlling interests
		Total equity attributable to equity holders of the Company, total	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 2020	157,511	159,626	238,321	(37,300)	(787)	(1,151)	(39,457)	(2,115)
Loss for the period	(18,558)	(17,218)	-	-	-	-	(17,218)	(1,340)
Other comprehensive income	1,133	1,201	-	-	(249)	1,450	-	(68)
Total comprehensive income	(17,425)	(16,017)	-	-	(249)	1,450	(17,218)	(1,408)
At 30 June 2020	140,086	143,609	238,321	(37,300)	(1,036)	299	(56,675)	(3,523)

The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Attributable to equity holders of the Company						
		Total equity attributable to equity holders of the Company, total	Share capital	Reverse acquisition reserve	Foreign currency translation reserves	Hedge reserve	Revenue reserves/ (Accumulated loss)	Non-controlling interests
	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	(10,888)	(10,705)	-	-	-	-	(10,705)	(183)
Other comprehensive income	(1,955)	(1,531)	-	-	(1,531)	-	-	(424)
Total comprehensive income	(12,843)	(12,236)	-	-	(1,531)	-	(10,705)	(607)
Issuance of share capital	7,652	7,652	7,652	-	-	-	-	-
Share capital expenses	(359)	(359)	(359)	-	-	-	-	-
At 30 June 2021	126,831	130,871	245,614	(37,300)	(2,226)	-	(75,217)	(4,040)

The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
 ENDED 30 JUNE 2021**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Current period to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
Operating activities	Note		
Loss before tax		(10,487)	(17,127)
Adjustments for:			
Depreciation of property, plant and equipment	A7	8,523	8,668
Finance income from concessions financial assets	A7	(2,609)	(2,596)
Gain on disposal of property, plant and equipment	A7	(59)	(135)
Interest income	A7	(1,094)	(468)
Interest expense	A7	8,717	9,450
Inventories written off	A7	134	-
Unrealised (gain)/loss on foreign exchange, net	A7	(2,345)	1,659
Operating cash flows before working capital changes		780	(549)
Changes in working capital:			
(Increase)/decrease in inventories		(19,300)	1,880
Increase in trade and other receivables		(11,228)	(21,442)
Increase in concessions financial assets		(955)	(1,611)
Decrease in other current assets		28,004	39,361
Decrease in trade and other payables		(8,628)	(33,990)
Total changes in working capital		(12,107)	(15,802)
Cash flows used in operations		(11,327)	(16,351)
Interest paid		(8,717)	(9,450)
Tax paid, net of refund		(2,457)	(1,670)
Net cash flows used in operating activities		(22,501)	(27,471)



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
Investing activities			
Proceeds from disposal of property, plant and equipment		60	218
Purchase of property, plant and equipment		(1,691)	(531)
Interest received		1,094	468
Net cash (used in)/generated from investing activities		(537)	155
Financing activities			
Repayment from borrowings		(190)	(12,960)
Issuance of share capital		7,652	-
Share capital expenses		(359)	-
(Decrease)/increase in cash and bank balances pledged for bank borrowings		(15)	2,011
Net cash generated from/(used in) financing activities		7,088	(10,949)
Net decrease in cash and cash equivalents		(15,950)	(38,265)
Effect on exchange rate changes		-	(2,112)
Cash and cash equivalents at 1 January		34,968	84,184
Cash and cash equivalents at 30 June	A13	19,018	43,807

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021

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 26 August 2021.

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 year ended 31 December 2020.

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as at 1 January 2021:

- 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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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	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	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	231,250	247,841	10,611	5,164	14,152	6,674	2,610	3,688	258,623	263,367	-	-	258,623	263,367
Inter-segment	-	-	-	-	-	-	2,670	3,150	2,670	3,150	(2,670)	(3,800)	-	-
Total revenue	231,250	247,841	10,611	5,164	14,152	6,674	5,280	6,838	265,468	266,517	(2,670)	(3,800)	258,623	263,367
Segment loss	(2,713)	(4,129)	(19)	(1,927)	(2,490)	(445)	(5,265)	(10,625)	(10,487)	(17,127)	-	-	(10,487)	(17,127)

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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 89.4% (30 June 2020: 94.1%) of the total revenue of the Group for the period ended 30 June 2021 and is the main contributor to the Group’s operating profit in 2021.

The segment recorded a revenue and loss before tax of RM231.3 million and RM2.7 million respectively for the period ended 30 June 2021 as compared to revenue and loss before tax of RM247.8 million and RM4.1 million respectively in the corresponding period ended 30 June 2020. Performance has dropped slightly as a result of dampen consumer and business sentiment arising from the various Movement Control Orders. Market demand for products under this segment has been challenging during the reporting period.

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 4.1% (30 June 2020: 2.0%) of the total revenue of the Group for the period ended 30 June 2021.

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

This segment recorded loss before tax of RM19,000 when compared to a loss of RM1.9 million in the corresponding period ended 30 June 2020. Market demand for products under this segment has started to pick up.

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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A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 5.5% (30 June 2020: 2.5%) of the total revenue of the Group for the period ended 30 June 2021.

The segment recorded a revenue and loss before tax of RM14.2 million and RM2.5 million respectively for the financial period ended 30 June 2021 as compared to revenue of RM6.7 million and loss before tax of RM0.4 million respectively for the corresponding period in 2020.

Although the Group has recently accepted a variation order for a project from Tenaga Nasional Berhad amounting to RM190.6 million which will have positive contribution to the Group’s results, due to the operations of this project has been interrupted due to the various Movement Control Orders.

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 30 June 2021, power generation, helicopter services and corporate segment contributed RM2.6 million to the total revenue of the Group.

The construction of hydro dam in Medan Indonesia is completed and the hydro dam is expected to be commissioned by third quarter of 2021.

In the current period under review and due to compliance with IC Interpretation 12: Service Concession Arrangement under the financial assets model, we have recognised finance cost amounting to RM2.6 million. This finance cost represents loan taken to finance construction of the hydro dam.



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

A5. Segment information (contd.)

Consolidated profit before tax

The Group recorded a loss before tax of RM10.5 million (30 June 2020: loss before tax of RM17.1 million) for the period ended 30 June 2021. The results for period ended 30 June 2021 have shown a slight improvement from period ended 30 June 2020 as our operations during that period were affected by the Movement Control Orders and also partly due to unrealised loss on foreign exchange. The Group records a solid EBITA at RM6.7 million for the period ended 30 June 2021.

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.

A7. The following items have been included in arriving at loss before tax:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30	30	30	30
	Jun	Jun	Jun	Jun
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,257	4,411	8,523	8,668
Finance income from concession financial assets	(1,304)	(1,227)	(2,609)	(2,596)
Gain on disposal of property, plant and equipment	56	17	(59)	(135)
Interest expense	4,666	4,353	8,717	9,450
Interest income	(405)	352	(1,094)	(468)
Inventories written off	63	-	134	-
Unrealised loss/(gain) on foreign exchange	53	11,570	(2,345)	1,659

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A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30 Jun 2021 RM'000	30 Jun 2020 RM'000	30 Jun 2021 RM'000	30 Jun 2020 RM'000
Current income tax:				
Based on results for the period	721	810	1,409	1,459
Over provision of deferred tax in respect of previous period	-	-	(359)	-
Deferred income tax	(491)	(46)	(649)	(46)
	<u>230</u>	<u>764</u>	<u>401</u>	<u>1,413</u>

The effective tax rate for the current quarter ended 30 June 2021 and corresponding quarter 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.

A9. 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 year quarter		Current year to date	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Loss net of tax attributable to equity holders the Company (RM'000)	<u>(8,138)</u>	<u>(17,768)</u>	<u>(10,705)</u>	<u>(17,218)</u>
Weighted average number of ordinary shares in issue ('000)	<u>317,050</u>	<u>317,050</u>	<u>317,050</u>	<u>317,050</u>
Basic loss per share (sen per ordinary share)	<u>(2.57)</u>	<u>(5.60)</u>	<u>(3.26)</u>	<u>(5.43)</u>
Diluted loss per share (sen per ordinary share)	<u>(2.57)</u>	<u>(5.60)</u>	<u>(3.38)</u>	<u>(5.43)</u>



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A10. Property, plant and equipment

During the period ended 30 June 2021, the Group acquired assets at the cost of RM1.7 million (30 June 2020: RM0.5 million).

A11. Concession financial assets

	30 June 2021 RM'000	31 December 2020 RM'000
At 1 January	99,045	99,863
Concession construction revenue	955	2,511
Accrued financial income	2,609	5,308
Exchange difference	(3)	(3,016)
Impairment	-	(5,621)
At 30 June 2021/31 December 2020	<u>102,606</u>	<u>99,045</u>

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30 June 2021 RM'000	31 December 2020 RM'000
Cash in hand and at banks	23,052	27,500
Deposits with licensed banks	<u>3,515</u>	<u>15,000</u>
Cash and bank balances	<u>26,567</u>	<u>42,500</u>

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

	30 June 2021 RM'000	31 December 2020 RM'000
Cash and bank balances	26,567	42,500
Less: Bank overdrafts	(2,000)	(1,998)
Cash restricted for repayment	(2,034)	(2,034)
Deposits pledged	<u>(3,515)</u>	<u>(3,500)</u>
Cash and cash equivalents	<u>19,018</u>	<u>34,968</u>



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A13. Loans and borrowings

	30 June 2021 RM’000	31 December 2020 RM’000
Current		
Secured	83,274	60,372
Unsecured	314,255	335,435
	<u>397,529</u>	<u>395,807</u>
Non-current		
Secured	72,187	72,681
Unsecured	583	-
	<u>72,770</u>	<u>72,681</u>
	<u>470,299</u>	<u>468,488</u>

Included in the secured borrowing is a borrowing denominated in foreign currency: -

	30 June 2021 USD’000	31 December 2020 USD’000
USD term loan	<u>5,619</u>	<u>5,619</u>

A14. Dividend paid

No dividend had been paid for the period ended 30 June 2021.

A15. Commitments

	30 June 2021 RM’000	31 December 2020 RM’000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	385	378
Approved but not contracted for:		
Property, plant and equipment	9,294	5,096
	<u>9,679</u>	<u>5,474</u>



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021

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 30 June 2021 and 30 June 2020 as well as the balances with the related parties as at 30 June 2021 and 31 December 2020.

		Sales to related parties	June Purchases from related parties	June 2021/December 2020 Amounts owed by related parties	June 2021/December 2020 Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2021	1,223	-	591	-
SESCO Berhad	2020	8,701	-	893	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha	2021	3,266	56,391	2,061	3,544
Industries Sdn. Bhd.	2020	477	74,112	-	9,599
Leader Universal Aluminium Sdn. Bhd.					
Leader	2021	-	-	-	-
Universal	2020	-	184	-	-

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SARAWAK CABLE BERHAD
(456400-V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021

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 loss before taxation

The recorded loss before taxation for the quarter ended 30 June 2021 is lower than the immediate preceding quarter mainly due to impairment of concession financial assets, higher interest expense as well recognition of unreleased loss on foreign exchange in the immediate preceding quarter.

B5. Commentary on prospects

With the recently awarded contract as mentioned in Note A5, the Group is confident of positive contribution from the transmission lines construction segment.

The Group's cable and wires segment has good book orders, there is an increase in the book orders for galvanized products and steel structures segment, our aviation segment will be undertaking contracts of manageable quantum and the power generation segment will be contributing positively with the commissioning of the hydro dam by second half of 2021.

However, the COVID-19 pandemic continues to raise concern. At this stage, it is hard to predict reliably the impact it has on the Malaysian and the global economy, the impact on the demand of the products and services provided by the Group, locally and internationally and hence on the Group's business operations. As the economy has now begun to re-open, we are optimistic that our order books will pick up in the third quarter of 2021. Several projects which were kept on hold due to the pandemic are now moving again and we hope that this trend continues as we approach 2022.

Copper price on London Metal Exchange ("LME") hit record high in early May 2021. Customers may potentially defer their cable purchases if they had not factored in such high metal prices in their projects. As our Cable & Wire business adopts back-to-back and hedging approach, the fluctuations on LME metal prices will not have any direct impact on our profitability.

Given the unpredictable market forces arising from the COVID-19 pandemic, the Group's considered it prudent not to disclose its financial outlook for 2021. However, the Group will continue to build and expand our market and order book.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

- (a) The Company had received a letter dated 7 August 2019 issued by the Corporate Debt Restructuring Committee ("CDRC") under the purview of Bank Negara, approving the Company's application for assistance to mediate between the Company and certain of its subsidiaries (collectively, the "Affected Companies") with its respective financiers ("the Lenders").

This is part of the Company's proactive effort in managing its debt exposure to safeguard the Affected Companies, whose core businesses are still viable.

The Standstill Letter was issued by CDRC to the Lenders on 7 August 2019.

On 11 December 2020, the Affected Companies had entered into relevant agreements with their respective Lenders under a Restructuring Scheme ("the RS").



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

B7. Corporate proposals (contd.)

- (a) The successful completion of RS will improve the Affected Companies financial position to weather current challenging market condition and to sustain our businesses.

The operations of the Affected Companies shall remain as usual.

- (b) 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.)

(c) Status of utilisation of proceeds from the Proposal

The gross proceeds from the Proposal of RM 7.65 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	7,324	(3,090)	-	4,234	Within 12 months	-
(ii)	Estimated expenses	328	(328)	-	-	Within 1 month	Note A
		<u>7,652</u>	<u>(3,418)</u>	<u>-</u>	<u>4,234</u>		

Explanation:

Note A: The expenses represented actual expenses incurred for completion of EGM and raising of the gross proceeds of RM7.65m.

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 30 June 2021.

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 30 June 2021 and 31 December 2020 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 26 August 2021.

By order of the Board