



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Revenue		178,816	251,851	178,816	251,851
Cost of sales		(157,639)	(225,193)	(157,639)	(225,193)
Gross profit		21,177	26,658	21,177	26,658
Other operating income		886	2,845	886	2,845
Administrative expenses		(7,200)	(7,722)	(7,200)	(7,722)
Other operating expenses		(7,125)	(5,914)	(7,125)	(5,914)
Operating profit		7,738	15,867	7,738	15,867
Finance costs		(6,547)	(7,804)	(6,547)	(7,804)
Profit before tax	A7	1,191	8,063	1,191	8,063
Income tax expense	A8	(2,817)	(4,216)	(2,817)	(4,216)
(Loss)/Profit for the period		(1,626)	3,847	(1,626)	3,847
Other comprehensive income					
Exchange differences on translation of foreign operation		(298)	(985)	(298)	(985)
Net movement of cash flow hedges		(1,605)	(234)	(1,605)	(234)
Other comprehensive income for the period, net of tax		(1,903)	(1,219)	(1,903)	(1,219)
Total comprehensive income for the period, net of tax		(3,529)	2,628	(3,529)	2,628
(Loss)/Profit for the period attributable to:					
Equity holders of the company		(684)	3,868	(684)	3,868
Non-controlling interests		(942)	(21)	(942)	(21)
		(1,626)	3,847	(1,626)	3,847
Total comprehensive income for the period, net of tax attributable to:					
Equity holders of the company		(2,522)	2,862	(2,522)	2,862
Non-controlling interests		(1,007)	(234)	(1,007)	(234)
		(3,529)	2,628	(3,529)	2,628
(Loss)/Earnings per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(0.22)	1.22	(0.22)	1.22
Diluted	A9	(0.22)	1.22	(0.22)	1.22

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 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.03.2018 RM'000	31.12.2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	444,191	448,628
Intangible assets		2,510	2,510
Deferred tax assets		36,162	36,116
Concession financial assets	A11	82,402	85,990
Trade receivables		52,091	51,548
		<u>617,356</u>	<u>624,792</u>
Current assets			
Inventories		102,350	117,204
Trade and other receivables		243,287	256,756
Other current assets		50,500	47,812
Tax recoverable		8,780	8,713
Derivatives assets		-	953
Cash and bank balances	A12	38,262	46,909
		<u>443,179</u>	<u>478,347</u>
TOTAL ASSETS		<u>1,060,535</u>	<u>1,103,139</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A13	434,470	475,080
Trade and other payables		158,340	172,703
Other current liabilities		17,443	-
Derivatives liabilities		1,162	-
Income tax payable		1,977	1,253
		<u>613,392</u>	<u>649,036</u>
Net current liabilities		<u>(170,213)</u>	<u>(170,689)</u>
Non-current liabilities			
Loans and borrowings	A13	136,698	139,285
Trade payables		10,916	12,524
Deferred tax liabilities		17,852	17,088
		<u>165,466</u>	<u>168,897</u>
Total liabilities		<u>778,858</u>	<u>817,933</u>
Net assets		<u>281,677</u>	<u>285,206</u>
Equity attributable to equity holders of the Company			
Share capital		238,321	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(763)	(529)
Hedge reserve		(882)	723
Revenue reserves		82,914	83,598
		<u>282,290</u>	<u>284,813</u>
Non-controlling interests		(613)	393
Total equity		<u>281,677</u>	<u>285,206</u>
TOTAL EQUITY AND LIABILITIES		<u>1,060,535</u>	<u>1,103,139</u>
Net assets per share attributable to owners of the Company (sen)		89	90

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 31 MARCH 2018
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 2017	331,191	329,431	238,321	(37,300)	330	578	127,502	1,760
Profit/(Loss) for the period	3,847	3,868	-	-	-	-	3,868	(21)
Other comprehensive income	(1,219)	(1,006)	-	-	(772)	(234)	-	(213)
Total comprehensive income	2,628	2,862	-	-	(772)	(234)	3,868	(234)
At 31 March 2017	333,819	332,293	238,321	(37,300)	(442)	344	131,370	1,526

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						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 2018	285,206	284,813	238,321	(37,300)	(529)	723	83,598	393
Profit/(Loss) for the period	(1,626)	(684)	-	-	-	-	(684)	(942)
Other comprehensive income	(1,903)	(1,839)	-	-	(234)	(1,605)	-	(64)
Total comprehensive income	(3,529)	(2,523)	-	-	(234)	(1,605)	(684)	(1,006)
At 31 March 2018	281,677	282,290	238,321	(37,300)	(763)	(882)	82,914	(613)

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 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current period to date	Preceding year corresponding period
	31.03.2018	31.03.2017
	RM'000	RM'000
Note		
Operating activities		
Profit before tax	1,191	8,063
Adjustments for:		
Reversal of impairment loss of trade receivables, net	-	(34)
Bad debts written off	50	-
Depreciation of property, plant and equipment	5,501	6,206
Finance income from concessions financial assets	-	(1,096)
Interest expense	6,547	7,804
Interest income	(62)	(1,398)
Inventories written down	5	130
Property, plant and equipment written off	(6)	-
Unrealised loss/(gain) on foreign exchange	2,952	(1,262)
Unwinding of discount on finance lease	-	(5)
Operating cash flows before working capital changes	16,178	18,408
Changes in working capital:		
Decrease/ (increase) in inventories	14,850	(2,883)
Decrease/ (increase) in trade and other receivables	12,874	(2,138)
Decrease in other current assets	14,755	25,934
Decrease in trade and other payables	(18,385)	(24,307)
Increase in derivative liabilities	510	56
Increase in concessions financial assets	(1,318)	(446)
Total changes in working capital	23,286	(3,784)
Cash generated from operations	39,464	14,624
Interest paid	(6,547)	(7,804)
Tax paid, net of refund	(1,441)	(1,705)
Net cash flows generated from operating activities	31,476	5,115



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current period to date	Preceding year corresponding period
Note	31.03.2018 RM'000	31.03.2017 RM'000
Investing activities		
Purchase of property, plant and equipment	(1,058)	(1,631)
Interest received	62	1,398
Net cash used in investing activities	<u>(996)</u>	<u>(233)</u>
Financing activities		
Repayment from borrowings	(29,290)	(2,263)
Decrease in cash and bank balances pledged for bank borrowings	1,776	1,020
Net cash used in financing activities	<u>(27,514)</u>	<u>(1,243)</u>
Net increase in cash and cash equivalents	2,966	3,639
Effect on exchange rate changes	2,961	(480)
Cash and cash equivalents at 1 January	17,678	48,092
Cash and cash equivalents at 31 December	A12 <u>23,605</u>	<u>51,251</u>

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 31 MARCH 2018

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 15 May 2018.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with Malaysian Financial Reporting Standards (MFRS). 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 2017 except for the adoption of new standards effective as at 1 January 2018:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018

The Group has adopted the new standards that are relevant and effective for accounting period beginning on or after 1 January 2018. The adoption of these new standards have not resulted in any material impact on the financial statements of the Group as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.



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A2. Significant accounting policies (Contd.)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has concluded that the initial application of MFRS 15 does not have any material financial impacts to the current period and prior period financial statements of the Group.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not required to be restated.

Based on the analysis of the Group’s financial assets and liabilities as at 30 March 2018 on the basis of facts and circumstances that exist at that date, the Group has assessed the impact of MFRS 9 to the Group’s financial statements as follow:

(i) Classification and measurement

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial derivatives currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has determined that there will be no significant impact on the Group’s financial statement.

(iii) Hedge accounting

As MFRS 9 does not change the general principles of how an entity accounts for effective hedges applying the hedging requirements of MFRS 9 will not have a significant impact on the Group’s financial statements.

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 power and telecommunication cables		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 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	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	155,106	209,052	5,986	6,522	14,120	33,350	3,604	2,927	178,816	251,851	-	-	178,816	251,851
Inter-segment	-	-	-	-	-	-	980	1,350	980	1,350	(980)	(1,350)	-	-
Total revenue	155,106	209,052	5,986	6,522	14,120	33,350	4,584	4,277	179,796	253,201	(980)	(46,756)	178,816	251,851
Segment profit/(loss)	8,601	11,464	474	1,548	(87)	604	(7,797)	(5,553)	1,191	8,063	-	-	1,191	8,063

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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 power and telecommunication cables 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 power and telecommunication cables

The sales of power and telecommunication cables segment contributed 86.7% (31 March 2017: 83.0%) of the total revenue of the Group for the period ended 31 March 2018 and is the main contributor to the Group’s operating profit in 2018.

The segment recorded a revenue and profit before tax of RM155.1 million and RM8.6 million respectively for the period ended 31 March 2018 as compared to revenue and profit before tax of RM209.1 million and RM11.5 million respectively in the corresponding period ended 31 March 2017. The market sentiment for this segment has been slow for the current period. The Group remains positive that the demand for power and telecommunication cables will improve in coming quarters. Operating costs have remained fairly consistent.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 3.4% (31 March 2017: 2.6%) of the total revenue of the Group for the period ended 31 March 2018.

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

This segment recorded profit before tax of RM0.5 million when compared with corresponding period ended 31 March 2017 profit before tax of RM1.5 million. Market demand for products under this segment has been relatively weak.

The Group expects to participate in the supply of galvanised products and steel structures to Pan Borneo highway; a road network in Borneo connecting the State of Sabah and Sarawak in Malaysia, with Brunei and Kalimantan in Indonesia.



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A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 7.9% (31 March 2017: 13.2%) of the total revenue of the Group for the period ended 31 March 2018.

The segment recorded a revenue and loss before tax of RM14.1 million and RM0.1 million respectively for the financial period ended 31 March 2018 as compared to revenue of RM33.4 million and profit before tax of RM0.6 million respectively for the corresponding period in 2017. The Group has been and is still actively participating in tenders for new projects.

The Group is developing plans for the power transmission industry, which includes expanding market coverage, actively participating in tenders 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 March 2018, power generation, helicopter services and corporate segment contributed RM3.6 million to the total revenue of the Group.

The Group’s continuous participating in tenders and building its goodwill in aviation services industry through the current projects on hand namely Medical Evacuation Services and Flying Doctor Services with Ministry of Health and with Ministry of Natural Resources.

Consolidated profit before tax

The Group recorded a profit before tax of RM1.2 million (31 March 2017: profit before tax of RM8.1 million) for the period ended 31 March 2018, which was lower than corresponding period principally due to losses incurred in power generation, helicopter services and corporate segment as explained above. However, the Group still records a solid EBITA at RM14.0 million for the period ended 31 March 2018.

The other factors which had affected the current quarter’s profit 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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A7. The following items have been included in arriving at profit before tax:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Reversal of impairment loss of trade receivables, net	-	(34)	-	(34)
Bad debts written off	50	-	50	-
Depreciation of property, plant and equipment	5,501	6,206	5,501	6,206
Finance income from concession financial assets	-	(1,096)	-	(1,096)
Interest expense	6,547	7,804	6,547	7,804
Interest income	(62)	(1,398)	(62)	(1,398)
Inventories written down	5	130	5	130
Gain on disposal of property, plant and equipment	(6)	-	(6)	-
Unrealised loss/(gain) on foreign exchange	2,952	(1,262)	2,952	(1,262)
Unwinding of discount on finance lease	-	(5)	-	(5)

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A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Current income tax:				
Based on results for the period	1,694	1,681	1,694	1,681
Over provision of income tax in respect of previous period	(87)	-	(87)	-
Deferred income tax	1,210	2,535	1,210	2,535
	<u>2,817</u>	<u>4,216</u>	<u>2,817</u>	<u>4,216</u>

The effective tax rate for the current quarter and the previous quarter ended 31 March 2017 was higher than the statutory 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)/Earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit 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 earnings per share is presented as equal to basic earnings per share.

The following are the (loss)/profit and share data used in the computation of basic and diluted earnings per share:

	Current year quarter		Current year to date	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
(Loss)/Profit net of tax attributable to equity holders The Company (RM'000)	<u>(684)</u>	<u>3,868</u>	<u>(684)</u>	<u>3,868</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)/earnings per share (sen per ordinary share)	<u>(0.22)</u>	<u>1.22</u>	<u>(0.22)</u>	<u>1.22</u>
Diluted (loss)/earnings per share (sen per ordinary share)	<u>(0.22)</u>	<u>1.22</u>	<u>(0.22)</u>	<u>1.22</u>



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A10. Property, plant and equipment

During the period ended 31 March 2018, the Group acquired assets at the cost of RM1.0 million (31 March 2017: RM1.6 million).

A11. Concession financial assets

	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	85,990	83,729
Concession construction revenue	1,318	7,735
Accrued financial income	-	4,434
Exchange difference	(4,906)	(9,908)
At 31 March 2018/31 December 2017	<u>82,402</u>	<u>85,990</u>

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31 March 2018 RM'000	31 December 2017 RM'000
Cash in hand and at banks	13,665	19,121
Deposits with licensed banks	24,597	27,788
Cash and bank balances	<u>38,262</u>	<u>46,909</u>

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

	31 March 2018 RM'000	31 December 2017 RM'000
Cash in hand and at banks	10,910	19,090
Deposits with licensed banks	13,676	12,367
Less: Bank overdraft	(981)	(13,779)
Cash and cash equivalents	<u>23,605</u>	<u>17,678</u>

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A13. Loans and borrowings

	31 March 2018 RM'000	31 December 2017 RM'000
Current		
Secured	76,388	96,264
Unsecured	358,082	378,816
	<u>434,470</u>	<u>475,080</u>
Non-current		
Secured	128,846	132,170
Unsecured	7,852	7,115
	<u>136,698</u>	<u>139,285</u>
	<u>571,168</u>	<u>614,365</u>

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

	31 March 2018 USD'000	31 December 2017 USD'000
USD term loan	<u>8,492</u>	<u>7,157</u>

A14. Dividend Paid

No dividend had been paid for the period ended 31 March 2018.

A15. Commitments

	31 March 2018 RM'000	31 December 2017 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	26,803	29,949
Approved but not contracted for:		
Property, plant and equipment	10,976	5,501
	<u>37,779</u>	<u>35,450</u>



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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 March 2018 and 31 March 2017 as well as the balances with the related parties as at 31 March 2018 and 31 December 2017.

		Sales to related parties RM'000	March Purchases from related parties RM'000	March/December Amounts owed by related parties RM'000	March/December Amounts owed to related parties RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2018	-	-	-	-
	2017	2,680	-	993	-
Syarikat SESCO Berhad	2018	9,937	-	4,848	-
	2017	4,186	-	6,572	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2018	2,387	40,164	-	2,933
	2017	1,005	46,072	350	15,648
Leader Universal Aluminium Sdn. Bhd.	2018	240	7,376	-	3,961
	2017	884	58,411	14	12,393



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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

The profit before taxation for the quarter ended 31 March 2018 has improved when compared to the immediate preceding quarter due to recognition of impairment of receivables and loss on foreign exchange arising from our subsidiary in Indonesia as Ringgit Malaysia strengthen against Indonesia Rupiah in the immediate preceding quarter.

B5. Commentary on prospects

The Group anticipates improving performance in the coming quarters, barring any unforeseen circumstances.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

There were no corporate proposals.

B8. Changes in material litigation

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

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

B9. Dividends payable

No dividend was payable for the period ended 31 March 2018.

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 March 2018 and 31 December 2017 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 period ended 31 December 2017 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 15 May 2018.

By order of the Board

Teoh Wen Jinq
Company Secretary
15 May 2018