



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Revenue		186,468	255,857	575,233	573,828
Cost of sales		(175,297)	(234,907)	(536,543)	(515,585)
Gross profit		11,171	20,950	38,690	58,243
Other operating income		826	624	5,939	2,244
Administrative expenses		(6,068)	(7,521)	(18,959)	(22,289)
Other operating expenses		(3,314)	(6,545)	(15,194)	(20,235)
Operating profit		2,615	7,508	10,476	17,963
Finance costs		(8,026)	(6,860)	(21,055)	(19,987)
(Loss)/ profit before tax	A7	(5,411)	648	(10,579)	(2,024)
Income tax expense	A8	1,602	(3,171)	(1,654)	(7,859)
Loss for the period		(3,809)	(2,523)	(12,233)	(9,883)
Other comprehensive income					
Exchange differences on translation of foreign operation		(22)	(7)	(168)	(298)
Net movement of cash flow hedges		(1,545)	(1,154)	(609)	(3,322)
Income tax related to cash flow hedges		371	-	146	-
Other comprehensive income for the period, net of tax		(1,196)	(1,161)	(631)	(3,620)
Total comprehensive income for the period, net of tax		(5,005)	(3,684)	(12,864)	(13,503)
Loss for the period attributable to:					
Equity holders of the company		(3,357)	(2,156)	(10,925)	(7,951)
Non-controlling interests		(452)	(367)	(1,308)	(1,932)
		(3,809)	(2,523)	(12,233)	(9,883)
Total comprehensive income for the period, net of tax attributable to:					
Equity holders of the company		(4,548)	(3,317)	(11,519)	(11,507)
Non-controlling interests		(457)	(367)	(1,345)	(1,996)
		(5,005)	(3,684)	(12,864)	(13,503)
Loss per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(1.06)	(12.20)	(3.45)	(10.25)
Diluted	A9	(1.06)	(12.20)	(3.45)	(10.25)

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.



SARAWAK CABLE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.09.2019 RM'000	31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	406,848	424,410
Intangible assets		2,510	2,510
Deferred tax assets		51,479	36,932
Concession financial assets	A11	100,204	92,671
Trade receivables		34,250	39,234
		<u>595,291</u>	<u>595,757</u>
Current assets			
Inventories		138,535	123,421
Trade and other receivables		238,425	197,443
Other current assets		17,228	8,206
Contract assets		1,800	2,954
Tax recoverable		8,778	9,295
Cash and bank balances	A13	24,339	47,859
		<u>429,105</u>	<u>389,178</u>
Assets held for sale		-	2,191
		<u>429,105</u>	<u>391,369</u>
TOTAL ASSETS		<u><u>1,024,396</u></u>	<u><u>987,126</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	464,518	455,605
Finance lease payables		2,788	2,825
Trade and other payables		146,854	103,887
Contract liabilities		17,801	8,462
Derivatives liabilities	A12	4,924	4,314
Income tax payable		-	1,016
		<u>636,885</u>	<u>576,109</u>
Net current liabilities		<u>(207,780)</u>	<u>(184,740)</u>
Non-current liabilities			
Loans and borrowings	A14	96,259	120,194
Finance lease payable		15,222	16,874
Trade payables		15,402	15,401
Deferred tax liabilities		31,362	16,418
		<u>158,245</u>	<u>168,887</u>
Total liabilities		<u>795,130</u>	<u>744,996</u>
Net assets		<u>229,266</u>	<u>242,130</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		(831)	(700)
Hedge reserve		(3,742)	(3,279)
Revenue reserves		35,154	46,079
		<u>231,602</u>	<u>243,121</u>
Non-controlling interests		(2,336)	(991)
Total equity		<u>229,266</u>	<u>242,130</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,024,396</u></u>	<u><u>987,126</u></u>
Net assets per share attributable to owners of the Company (sen)		72	76

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 SEPTEMBER 2019

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 2018	285,206	284,813	238,321	(37,300)	(529)	723	83,598	393
Loss for the period	(9,883)	(7,951)	-	-	-	-	(7,951)	(1,932)
Other comprehensive income	(23,620)	(3,556)	-	-	(234)	(3,322)	-	(64)
Total comprehensive income	(13,503)	(11,507)	-	-	(234)	(3,322)	(7,951)	(1,996)
At 30 September 2018	271,703	273,306	238,321	(37,300)	(763)	(2,599)	75,647	(1,603)

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 2019	242,130	243,121	238,321	(37,300)	(700)	(3,279)	46,079	(991)
Loss for the period	(12,233)	(10,925)	-	-	-	-	(10,925)	(1,308)
Other comprehensive income	(631)	(594)	-	-	(131)	(463)	-	(37)
Total comprehensive income	(12,864)	(11,519)	-	-	(131)	(463)	(10,925)	(1,345)
At 30 September 2019	229,266	231,602	238,321	(37,300)	(831)	(3,742)	35,154	(2,336)

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 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current period to date 30.09.2019 RM'000	Preceding year corresponding period 30.09.2018 RM'000
Operating activities			
Loss before tax		(10,579)	(2,024)
Adjustments for:			
Bad debts written off	A7	-	100
Concession financial income	A7	(1,232)	-
Depreciation of property, plant and equipment	A7	15,991	16,566
Interest expense	A7	21,055	19,987
Interest income	A7	(1,055)	(353)
Inventories written down	A7	11	5
Loss/(Gain) on disposal of property, plant and equipment	A7	231	(96)
Provision for doubtful debts	A7	300	-
Reversal of allowance for impairment loss of trade receivables, net	A7	(109)	(55)
Reversal of impairment of property, plant and equipment	A7	(660)	-
Unrealised loss on foreign exchange	A7	180	5,837
Operating cash flows before working capital changes		<u>24,133</u>	<u>39,967</u>
Changes in working capital:			
(Increase) in inventories		(15,125)	(9,855)
(Increase)/ decrease in trade and other receivables		(36,313)	12,936
Decrease in other current assets		1,471	28,774
Increase/ (decrease) in trade and other payables		39,574	(27,696)
Increase in amount due to related party		2,456	-
Increase in derivative liabilities		1	-
Increase in concessions financial assets		(4,004)	(2,206)
Total changes in working capital		<u>(11,940)</u>	<u>1,953</u>
Cash generated from operations		12,193	41,920
Interest paid		(21,055)	(19,987)
Tax paid, net of refund		(1,611)	(4,058)
Net cash flows (used in)/ generated from operating activities		<u>(10,473)</u>	<u>17,875</u>



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current period to date 30.09.2019 RM'000	Preceding year corresponding period 30.09.2018 RM'000
Investing activities			
Proceeds from disposal of property, plant and equipment		10,167	90
Purchase of property, plant and equipment		(5,977)	(6,084)
Interest received		1,055	353
Net cash generated from/(used in) investing activities		5,245	(5,641)
Financing activities			
Repayment from borrowings		(14,556)	(9,546)
Decrease in cash and bank balances pledged for bank borrowings		12,753	1,580
Net cash used in financing activities		(1,803)	(7,966)
Net (decrease)/ increase in cash and cash equivalents		(7,031)	4,268
Effect on exchange rate changes		(1,767)	3,034
Cash and cash equivalents at 1 January		27,279	17,678
Cash and cash equivalents at 30 September	A13	18,481	24,980

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 SEPTEMBER 2019

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 22 November 2019.

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 2018.

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 2018 except for the adoption of new standards effective as at 1 January 2019:

- IC Interpretation 23 Uncertainty over Income Tax Treatments
- MFRS 16 Leases
- Annual Improvements to MFRSs 2015-2017 Cycle:
 - (i) Amendments to MFRS 3: Business Combinations
 - (ii) Amendments to MFRS 11: Joint Arrangements
 - (iii) Amendments to MFRS 112: Income Taxes
 - (iv) Amendments to MFRS 123: Borrowings Costs
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Amendments to MFRS 128: Long-term Interest in Associates and Joint Ventures
- Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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 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	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	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	499,432	480,386	14,975	15,860	48,616	62,995	12,210	14,587	575,233	573,828	-	-	575,233	573,828
Inter-segment	-	-	-	-	-	-	5,700	3,965	5,700	3,965	(5,700)	(3,965)	-	-
Total revenue	499,432	480,386	14,975	15,860	48,616	62,995	17,910	18,552	580,933	577,793	(5,700)	(3,965)	575,233	573,828
Segment profit/(loss)	7,659	22,011	(377)	(104)	(15)	810	(17,946)	(24,741)	(10,639)	(2,024)	-	-	(10,639)	(2,024)

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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 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 86.8% (30 September 2018: 83.7%) of the total revenue of the Group for the period ended 30 September 2019 and is the main contributor to the Group’s operating profit in 2019.

The segment recorded a revenue and profit before tax of RM499.4 million and RM7.7 million respectively for the period ended 30 September 2019 as compared to revenue and profit before tax of RM480.4 million and RM22.0 million respectively in the corresponding period ended 30 September 2018. Although revenue has increased and operating costs remain fairly consistent, the profit has dropped as a result of cable sales mix (whereby different cables carry different margin). Market demand for products under this segment has been challenging but shown improvement. The Group is currently exploring to the opportunity to increase its overseas market

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.6% (30 September 2018: 2.8%) of the total revenue of the Group for the period ended 30 September 2019.

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

This segment recorded loss before tax of RM0.3 million when compared with corresponding period ended 30 September 2018 loss before tax of RM0.1 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 on Borneo Island connecting the State of Sabah and Sarawak in Malaysia, with Brunei and Kalimantan in Indonesia, and other projects initiation by the State of Sarawak comprising of Second Trunk Road, upgrading of Coastal Road and proposed roads and bridges under Regional Corridor Development Authority (RECODA).



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A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 8.5% (30 September 2018: 11.0%) of the total revenue of the Group for the period ended 30 September 2019.

The segment recorded a revenue and loss before tax of RM48.6 million and RM15,000 respectively for the financial period ended 30 September 2019 as compared to revenue of RM63.0 million and profit before tax of RM0.8 million respectively for the corresponding period in 2018.

The Group continuous plans for the power transmission industry, includes moving operation to focus on works in the State of Sarawak, actively participating 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 September 2019, power generation, helicopter services and corporate segment contributed RM12.2 million to the total revenue of the Group.

The hydro dam in Medan Indonesia is still under construction and is expected to commission by end of the year 2019 and commenced operation by early of year 2020.

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 RM4.5 million. This finance cost represents loan taken to finance construction of the hydro dam.

The Group also recognised an unrealized foreign exchange gain of approximately RM0.9 million upon translation from Indonesia Rupiah to Ringgit Malaysia.

The aviation segment incurred rather high expenses in terms of finance costs and maintenance costs and therefore the Group is actively seeking to lease the balance of its helicopters.



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A5. Segment information (contd.)

Consolidated loss before tax

The Group recorded a loss before tax of RM10.6 million (30 September 2018: loss before tax of RM2.0 million) for the period ended 30 September 2019, principally due to losses incurred in transmission lines construction segment, power generation and aviation segment. The Group records a solid EBITA at RM26.5 million for the period ended 30 September 2019.

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		9 months ended	
	30	30	30	30
	Sept	Sept	Sept	Sept
	2019	2018	2019	2018
	RM’000	RM’000	RM’000	RM’000
Bad debts written off	(119)	-	-	100
Concession financial income	(6)	-	(1,232)	-
Depreciation of property, plant and equipment	5,143	5,515	15,991	16,566
(Gain)/ loss on disposal of property, plant and equipment	(277)	(90)	231	(96)
Interest expense	8,026	6,860	21,055	19,987
Interest income	91	(154)	(1,055)	(353)
Inventories written down	3	-	11	5
Provision for doubtful debts	300	-	300	-
Reversal of allowance for impairment loss of trade receivables, net	(32)	-	(109)	(55)
Reversal of impairment of property, plant and equipment	(660)	-	(660)	-
Unrealised (gain)/ loss on foreign exchange	(1,188)	395	180	5,837

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A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Current income tax:				
Based on results for the year	(517)	3,389	2,675	6,998
Over provision of deferred tax in respect of previous period	(1,543)	(438)	(1,543)	(525)
Deferred income tax	458	220	522	1,386
	<u>(1,602)</u>	<u>3,171</u>	<u>1,654</u>	<u>7,859</u>

The effective tax rates for the current quarter and financial period ended 30 September 2019 was lower than the statutory tax rate principally due to utilisation of tax losses of certain subsidiaries under group relief scheme. The effective tax rates +for the previous quarter and financial period ended 30 September 2018 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 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
Loss net of tax attributable to equity holders The Company (RM'000)	<u>(3,357)</u>	<u>(2,156)</u>	<u>(10,925)</u>	<u>(7,951)</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 profit/(loss) per share (sen per ordinary share)	<u>(1.06)</u>	<u>(0.68)</u>	<u>(3.45)</u>	<u>(2.51)</u>
Diluted profit/(loss) per share (sen per ordinary share)	<u>(1.06)</u>	<u>(0.68)</u>	<u>(3.45)</u>	<u>(2.51)</u>



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A10. Property, plant and equipment

During the period ended 30 September 2019, the Group acquired assets at the cost of RM5.9 million (30 September 2018: RM6.1 million).

A11. Concession financial assets

	30 September 2019 RM'000	31 December 2018 RM'000
At 1 January	92,671	85,990
Concession construction revenue	4,004	4,987
Accrued financial income	1,232	4,435
Exchange difference	2,297	(2,741)
At 30 September 2019/31 December 2018	<u>100,204</u>	<u>92,671</u>

A12. Fair Value hierarchy

The Group held commodity forward contracts carried at fair value based on Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. The identical assets and liabilities as follows:

	30 September 2019 RM'000	31 December 2018 RM'000
Derivatives liabilities	<u>4,924</u>	<u>4,314</u>

There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the quarter.

A13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30 September 2019 RM'000	31 December 2018 RM'000
Cash in hand and at banks	18,481	25,760
Deposits with licensed banks	5,858	22,099
Cash and bank balances	<u>24,339</u>	<u>47,859</u>



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A13. Cash and bank balances (Contd.)

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

	30 September 2019 RM'000	31 December 2018 RM'000
Cash and bank balances	24,339	47,859
Less: Bank overdrafts	-	(1,969)
Cash restricted for repayment	(1,617)	(4,007)
Deposits pledged	(4,241)	(14,604)
Cash and cash equivalents	<u>18,481</u>	<u>27,279</u>

A14. Loans and borrowings

	30 September 2019 RM'000	31 December 2018 RM'000
Current		
Secured	61,774	61,213
Unsecured	402,744	394,392
	<u>464,518</u>	<u>455,605</u>
Non-current		
Secured	94,669	117,494
Unsecured	1,590	2,700
	<u>96,259</u>	<u>120,194</u>
	<u>560,777</u>	<u>575,799</u>

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

	30 September 2019 USD'000	31 December 2018 USD'000
USD term loan	<u>50,628</u>	<u>7,589</u>

A15. Dividend paid

No dividend had been paid for the period ended 30 September 2019.

A16. Commitments

	30 September 2019 RM'000	31 December 2018 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	4,121	632
Approved but not contracted for:		
Property, plant and equipment	14,357	6,888
	<u>18,478</u>	<u>7,520</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 30 September 2019 and 30 September 2018 as well as the balances with the related parties as at 30 September 2019 and 31 December 2018.

		Sales to related parties	September Purchases from related parties	September/December Amounts owed by related parties	September/December Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2019	7,647	-	350	-
SESCO Berhad	2018	13,725	-	1,967	-
<hr/>					
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2019	2,528	97,732	6,943	4,910
	2018	4,187	135,743	-	8,513
<hr/>					
Leader Aluminium Sdn. Bhd.	2019	-	-	-	-
	2018	240	7,376	-	-



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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 loss before taxation

The loss before taxation for the quarter ended 30 September 2019 is more than the immediate preceding quarter mainly due to additional cost incurred in the transmission lines construction segment to complete several on-going projects as well as losses incurred in power generation as the hydro dam is currently under construction.

B5. Commentary on prospects

The Group will be undertaking a restructuring program to rehabilitate the financial performance of the Group.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

- (a) On 18 July 2019, Leader Cable Industry Berhad ("LCIB"), a wholly-owned subsidiary of Sarawak Cable Berhad ("the Company"), entered into a Sale and Purchase Agreement with Maxter Glove Manufacturing Sdn Bhd, a wholly-owned subsidiary of Supermax Corporation Berhad, for the proposed disposal of a parcel of freehold land held under Geran 68913, Lot 43816, Mukim of Kapar, District of Klang, State of Selangor together with industrial premises comprising a single-storey detached factory attached with a 4-storey extra high voltage tower, a 3-storey detached office building, a single-storey canteen and other ancillary buildings erected thereon to Maxter Glove Manufacturing Sdn Bhd for a cash consideration of RM65.0 million ("Proposed Disposal").

The shareholders of both LCIB and the Company had approved the Proposed Disposal on 15 October 2019 and 16 October 2019 respectively.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by January 2020.

- (b) On 2 October 2019, the Company announced that it proposed to undertake the proposed private placement of up to 31,705,000 new ordinary shares in the Company ("Shares") representing up to 10% of the total number of issued shares of the Company ("Proposed Private Placement").

On 4 October 2019, the additional listing application in relation to the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

Subsequently on 8 October 2019, the Company announced that Bursa Securities, vide its letter dated 8 October 2019, approved the listing and quotation of up to 31,705,000 new Shares to be issued pursuant to the Proposed Private Placement.

The Proposed Private Placement may be implemented in 1 or more tranches within 6 months from the date of approval from Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities.

As at the date of this report, the Proposed Private Placement has not been effected.



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

B7. Corporate proposals (cont'd.)

- (c) 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.

Notwithstanding the above, the operations of the Affected Companies shall remain as usual.

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 September 2019.

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 September 2019 and 31 December 2018 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 2018 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 22 November 2019.

By order of the Board

Low Wai See
Company Secretary
22 November 2019