



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

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue		217,448	215,711	792,681	789,539
Cost of sales		(223,220)	(222,741)	(759,763)	(738,326)
Gross (loss)/profit		(5,772)	(7,030)	32,918	51,213
Other operating income		29,826	5,515	35,765	7,759
Administrative expenses		(14,399)	(9,605)	(33,358)	(31,894)
Other operating expenses		(73,523)	(11,315)	(88,717)	(31,550)
Operating loss		(63,868)	(22,435)	(53,392)	(4,472)
Finance costs		(6,386)	(8,784)	(27,441)	(28,771)
Loss before tax	A7	(70,254)	(31,219)	(80,833)	(33,243)
Income tax expense	A8	(4,463)	2,278	(6,117)	(5,581)
Loss for the year		(74,717)	(28,941)	(86,950)	(38,824)
Other comprehensive income/(loss)					
Exchange differences on translation of foreign operation		48	80	(120)	(218)
Net movement of cash flow hedges		3,411	(1,944)	2,802	(5,266)
Income tax related to cash flow hedges		(818)	1,264	(672)	1,264
Other comprehensive income/(loss) for the period, net of tax		2,641	(600)	2,010	(4,220)
Total comprehensive loss for the period, net of tax		(72,076)	(29,541)	(84,940)	(43,044)
<b>Loss for the period attributable to:</b>					
Equity holders of the company		(74,897)	(29,536)	(85,822)	(37,487)
Non-controlling interests		180	595	(1,128)	(1,337)
		(74,717)	(28,941)	(86,950)	(38,824)
<b>Total comprehensive loss for the period, net of tax attributable to:</b>					
Equity holders of the company		(72,261)	(30,153)	(83,779)	(41,660)
Non-controlling interests		185	612	(1,161)	(1,384)
		(72,076)	(29,541)	(84,940)	(43,044)
<b>Loss per share attributable to Equity holders of the company (sen per share):</b>					
Basic	A9	(23.62)	(9.31)	(27.07)	(11.82)
Diluted	A9	(23.62)	(9.31)	(27.07)	(11.82)

*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 DECEMBER 2019**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	31.12.2019 RM'000	31.12.2018 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	266,454	424,410
Intangible assets		2,510	2,510
Deferred tax assets		50,787	36,932
Concession financial assets	A11	104,855	92,671
Trade receivables		34,385	39,234
		<u>458,991</u>	<u>595,757</u>
<b>Current assets</b>			
Inventories		140,581	123,421
Trade and other receivables		273,568	197,443
Other current assets		3,550	8,206
Contract assets		1,965	2,954
Tax recoverable		4,764	9,295
Cash and bank balances	A13	87,926	47,859
		<u>512,354</u>	<u>389,178</u>
Assets held for sale		-	2,191
		<u>512,354</u>	<u>391,369</u>
<b>TOTAL ASSETS</b>		<u><u>971,345</u></u>	<u><u>987,126</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	A14	445,910	455,605
Finance lease payables		1,536	2,825
Trade and other payables		221,050	103,887
Contract liabilities		17,177	8,462
Derivatives liabilities	A12	1,513	4,314
Income tax payable		203	1,016
		<u>687,389</u>	<u>576,109</u>
<b>Net current liabilities</b>		<u>(175,035)</u>	<u>(184,740)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A14	83,638	120,194
Finance lease payable		-	16,874
Trade payables		14,195	15,401
Deferred tax liabilities		28,967	16,418
		<u>126,800</u>	<u>168,887</u>
<b>Total liabilities</b>		<u>814,189</u>	<u>744,996</u>
<b>Net assets</b>		<u>157,156</u>	<u>242,130</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital		238,321	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(820)	(700)
Hedge reserve		(1,150)	(3,279)
(Accumulated loss)/Revenue reserves		(39,743)	46,079
		<u>159,308</u>	<u>243,121</u>
Non-controlling interests		(2,152)	(991)
<b>Total equity</b>		<u>157,156</u>	<u>242,130</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>971,345</u></u>	<u><u>987,126</u></u>
Net assets per share attributable to owners of the Company (sen)		50	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 YEAR ENDED 31 DECEMBER 2019**

**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	Non-distributable			Distributable		
	RM'000	RM'000	Share capital RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserves RM'000	Hedge reserve RM'000	Revenue reserves RM'000	RM'000
At 1 January 2018	285,206	284,813	238,321	(37,300)	(529)	723	83,598	393
Adjustment on initial application of MFRS 9	(32)	(32)	-	-	-	-	(32)	-
	285,174	284,781	238,321	(37,300)	(529)	723	83,566	393
Loss for the period	(38,824)	(37,487)	-	-	-	-	(37,487)	(1,337)
Other comprehensive income	(4,220)	(4,173)	-	-	(171)	(4,002)	-	(47)
Total comprehensive income	(43,044)	(41,660)	-	-	(171)	(4,002)	(37,487)	(1,384)
At 31 December 2018	242,130	243,121	238,321	(37,300)	(700)	(3,279)	46,079	(991)

*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 YEAR ENDED 31 DECEMBER 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	Distributable	
	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 year	(86,950)	(85,822)	-	-	-	-	(85,822)	(1,128)
Other comprehensive income	1,976	2,009	-	-	(120)	2,129	-	(33)
Total comprehensive income	(84,974)	(83,813)	-	-	(120)	2,129	(85,822)	(1,161)
At 31 December 2019	157,156	159,308	238,321	(37,300)	(820)	(1,150)	(39,743)	(2,152)

*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 YEAR ENDED**  
**31 DECEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Current year to date 31.12.2019 RM'000	Preceding year corresponding year 31.12.2018 RM'000
<b>Operating activities</b>			
Loss before tax		(80,833)	(33,243)
Adjustments for:			
Allowance for impairment loss of trade and other receivables	A7	-	4,775
Bad debts written off	A7	-	5
Depreciation of property, plant and equipment	A7	21,379	21,328
Finance income from concessions financial assets	A7	(4,949)	(4,435)
Gain on disposal of property, plant and equipment, net	A7	(12,466)	(464)
Impairment of property, plant and equipment	A7	58,000	4,253
Interest income	A7	(1,160)	(633)
Interest expense	A7	27,441	28,771
Inventories written down	A7	1,113	909
Property, plant and equipment written off	A7	1,304	2,754
Provision for doubtful debts	A7	1,819	-
Reversal of allowance for impairment loss of trade receivables	A7	(109)	(206)
Unrealised loss on foreign exchange, net	A7	(1,817)	3,497
Operating cash flows before working capital changes		9,722	27,311
Changes in working capital:			
Increase in inventories		(18,273)	(7,125)
(Increase)/decrease in trade and other receivables		(71,169)	66,739
Increase in concessions financial assets		(4,612)	(4,987)
Decrease in other current assets		37,887	48,829
Increase/(decrease) in trade and other payables		91,206	(64,104)
Increase in amount due to related party		341	-
Total changes in working capital		35,380	39,352
Cash generated from operations		45,102	66,663
Interest paid		(27,441)	(31,372)
Tax paid, net of refund		(4,377)	(6,336)
Net cash flows generated from operating activities		13,284	28,955



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**31 DECEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)**

	<b>Note</b>	<b>Current year to date 31.12.2019 RM'000</b>	<b>Preceding year corresponding year 31.12.2018 RM'000</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		97,458	519
Purchase of property, plant and equipment		(5,528)	(5,588)
Interest received		1,160	633
Net cash generated from/(used in) investing activities		<u>93,090</u>	<u>(4,436)</u>
<b>Financing activities</b>			
Repayment from borrowings		(62,358)	(13,313)
Decrease in cash and bank balances pledged for bank borrowings		15,109	(3,159)
Net cash used in financing activities		<u>(47,249)</u>	<u>(16,472)</u>
<b>Net increase in cash and cash equivalents</b>		59,125	8,047
Effect on exchange rate changes		(1,980)	1,554
Cash and cash equivalents at 1 January		27,279	17,678
<b>Cash and cash equivalents at 31 December</b>	A13	<u><u>84,424</u></u>	<u><u>27,279</u></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 YEAR ENDED 31 DECEMBER 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 25 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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 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
<b>Revenue</b>														
External customers	692,787	667,629	14,975	20,234	63,957	79,420	15,390	22,256	792,681	768,914	-	-	792,681	789,539
Inter-segment	-	20,640	-	3	-	-	8,155	20,625	6,155	20,625	(6,155)	(41,268)	-	-
<b>Total revenue</b>	<b>692,787</b>	<b>688,269</b>	<b>14,975</b>	<b>20,237</b>	<b>63,957</b>	<b>79,420</b>	<b>21,545</b>	<b>42,881</b>	<b>798,836</b>	<b>789,539</b>	<b>(6,155)</b>	<b>(41,268)</b>	<b>792,681</b>	<b>789,539</b>
<b>Segment profit/(loss)</b>	<b>30,135</b>	<b>35,754</b>	<b>(492)</b>	<b>55</b>	<b>(22,065)</b>	<b>(29,004)</b>	<b>(88,411)</b>	<b>(26,047)</b>	<b>(80,833)</b>	<b>(19,242)</b>	<b>-</b>	<b>(14,000)</b>	<b>(80,833)</b>	<b>(33,242)</b>

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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 87.4% (31 December 2018: 87.2%) of the total revenue of the Group for the year ended 31 December 2019 and is the main contributor to the Group’s operating profit in 2019.

The segment recorded a revenue and profit before tax of RM692.8 million and RM30.1 million respectively for the year ended 31 December 2019 as compared to revenue and profit before tax of RM668.2 million and RM35.8 million respectively in the corresponding year ended 31 December 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% (31 December 2018: 2.6%) of the total revenue of the Group for the year ended 31 December 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 RM0.5 million when compared with corresponding year ended 31 December 2018. Market demand for products under this segment has been relatively weak.

The Group continues its participation to 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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**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 8.1% (31 December 2018: 10.1%) of the total revenue of the Group for the year ended 31 December 2019.

The segment recorded a revenue and loss before tax of RM64.0 million and RM22.1 million respectively for the financial year ended 31 December 2019 as compared to revenue of RM79.4 million and loss before tax of RM29.0 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 year ended 31 December 2019, power generation, helicopter services and corporate segment contributed RM21.5 million to the total revenue of the Group.

The hydro dam in Medan Indonesia is near completion and is expected to commission by end of the May 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 RM4.9 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 RM2.2 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’s intention is to scale down this business segment and has successfully disposed off all but one unit of helicopter. The Group is actively seeking to lease that one unit of helicopter and in consideration of the soft market for aviation business, the Group has decided to impair that one unit of helicopter based on recent valuation carried out. The impairment recognised was RM58.0 million.



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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 loss before tax**

The Group recorded a loss before tax of RM80.8 million (31 December 2018: loss before tax of RM33.2 million) for the year ended 31 December 2019, principally due to losses incurred in transmission lines construction segment, power generation and aviation segment. The Group records a solid EBITA at RM25.8 million for the year ended 31 December 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 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Allowance for impairment loss of trade receivables	-	4,775	-	4,775
Bad debts written off	-	(95)	-	5
Depreciation of property, plant and equipment	5,388	4,762	21,379	21,328
Finance income from concession financial assets	(3,717)	(4,435)	(4,949)	(4,435)
Gain on disposal of property, plant and equipment	(12,697)	(368)	(12,466)	(464)
Impairment of property, plant and equipment	58,000	4,253	58,000	4,253
Interest income	(105)	(280)	(1,160)	(633)
Interest expense	6,386	8,784	27,441	28,771
Inventories written down	1,102	-	1,113	909
Property, plant and equipment written off	1,304	904	1,304	2,754
Provision for doubtful debts	1,519	-	1,819	-
Reversal of allowance for impairment loss of trade receivables	-	2,754	(109)	(206)
Unrealised (gain)/ loss on foreign exchange	(1,997)	2,340	(1,817)	3,497

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

**A8. Income tax expense**

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Current income tax:				
Based on results for the year	13,322	(3,654)	15,997	3,344
Over provision of deferred tax in respect of previous period	(6,334)	2,697	(7,877)	2,172
Deferred income tax	(2,525)	(1,321)	(2,003)	65
	<u>4,463</u>	<u>(2,278)</u>	<u>6,117</u>	<u>5,581</u>

The effective tax rates for the current quarter and financial year ended 31 December 2019 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. The effective tax rates for the previous quarter and financial year ended 31 December 2018 was lower than the statutory tax rate principally due to utilisation of tax losses of certain subsidiaries under group relief scheme.

**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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Loss net of tax attributable to equity holders the Company (RM'000)	<u>(74,897)</u>	<u>(29,536)</u>	<u>(85,822)</u>	<u>(37,487)</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>(23.62)</u>	<u>(9.31)</u>	<u>(27.07)</u>	<u>(11.82)</u>
Diluted loss per share (sen per ordinary share)	<u>(23.62)</u>	<u>(9.31)</u>	<u>(27.07)</u>	<u>(11.82)</u>



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

**A10. Property, plant and equipment**

During the year ended 31 December 2019, the Group acquired assets at the cost of RM5.9 million (31 December 2018: RM6.1 million).

**A11. Concession financial assets**

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
At 1 January	92,671	85,990
Concession construction revenue	4,612	4,987
Accrued financial income	4,949	4,435
Exchange difference	2,623	(2,741)
At 31 December 2019/2018	<u>104,855</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:

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Derivatives liabilities	<u>1,513</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:

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Cash in hand and at banks	84,424	25,760
Deposits with licensed banks	3,502	22,099
<b>Cash and bank balances</b>	<u>87,926</u>	<u>47,859</u>



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

**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:

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Cash and bank balances	108,735	47,859
Less: Bank overdrafts	(5,700)	(1,969)
Cash restricted for repayment	(4,007)	(4,007)
Deposits pledged	(14,604)	(14,604)
<b>Cash and cash equivalents</b>	<u>84,424</u>	<u>27,279</u>

**A14. Loans and borrowings**

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Current</b>		
Secured	54,632	61,213
Unsecured	391,278	394,392
	<u>445,910</u>	<u>455,605</u>
<b>Non-current</b>		
Secured	82,173	117,494
Unsecured	1,466	2,700
	<u>83,638</u>	<u>120,194</u>
	<u>529,548</u>	<u>575,799</u>

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

	<b>31 December 2019 USD'000</b>	<b>31 December 2018 USD'000</b>
USD term loan	<u>18,207</u>	<u>7,589</u>

**A15. Dividend paid**

No dividend had been paid for the year ended 31 December 2019.

**A16. Commitments**

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	2,531	632
Approved but not contracted for:		
Property, plant and equipment	14,120	6,888
	<u>16,651</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 year ended 31 December 2019 and 31 December 2018 as well as the balances with the related parties as at 31 December 2019 and 31 December 2018.

		December	December		
		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 SESCO Berhad	2019	11,954	-	2,499	-
	2018	15,806	-	1,967	-
<hr/>					
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2019	3,474	144,963	-	20,438
	2018	4,635	181,323	-	8,513
<hr/>					
Leader Universal Aluminium Sdn. Bhd.	2019	5,947	-	-	225
	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 31 December 2019 is more than the immediate preceding quarter mainly due to decision made to provide for impairment for one unit of helicopter, additional cost incurred and provisions made in the transmission lines construction segment to complete several on-going projects as well as losses incurred in power generation.

**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**

- (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.

The Disposal had been completed on 29 November 2019 in accordance with the terms and conditions of the Sale and Purchase Agreement.

- (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) Status of utilisation of proceeds from Proposal Disposal

The gross proceeds from the Proposed Disposal of RM 65.0 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	60,000	(6,256)	786	54,530	Within 12 months	RM6.3 million was utilised.
(ii)	Estimated expenses	5,000	(4,214)	(786)	-	Within month	Reallocated to Working Capital requirements under (i) as expenses incurred for the Proposal Disposal has been fully settled.
		<u>65,000</u>	<u>(10,470)</u>	<u>(10,470)</u>	<u>54,530</u>		

(d) 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 year ended 31 December 2019.

**B10. Disclosure of nature of outstanding derivatives**

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



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

**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 December 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 25 February, 2020.

By order of the Board

Low Wai See  
Company Secretary  
25 February 2020