



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

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Current quarter 3 months ended | | Cumulative quarter 3 months ended | |
|---|------|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | | 30.09.2021 RM'000 | 30.09.2020 RM'000 | 30.09.2021 RM'000 | 30.09.2020 RM'000 |
| Revenue | | 141,299 | 212,749 | 399,922 | 476,116 |
| Cost of sales | | (138,538) | (196,358) | (386,822) | (450,432) |
| Gross profit | | 2,761 | 16,391 | 13,100 | 25,684 |
| Other operating income | | (134) | 6,884 | 6,903 | 10,435 |
| Administrative expenses | | (9,351) | (6,722) | (20,438) | (18,270) |
| Other operating expenses | | (4,107) | (4,470) | (12,166) | (13,443) |
| Operating (loss)/profit | | (10,831) | 12,083 | (12,601) | 4,406 |
| Finance costs | | (3,541) | (6,086) | (12,258) | (15,536) |
| (Loss)/profit before tax | A7 | (14,372) | 5,997 | (24,859) | (11,130) |
| Income tax expense | A8 | 1,079 | (1,334) | 678 | (2,765) |
| (Loss)/profit for the period | | (13,293) | 4,663 | (24,181) | (13,895) |
| Other comprehensive (loss)/profit | | | | | |
| Exchange differences on translation of foreign operation | | (354) | 491 | (2,309) | 174 |
| Net movement of cash flow hedges | | (203) | (53) | (203) | 1,854 |
| Income tax related to cash flow hedges | | 49 | 12 | 49 | (445) |
| Other comprehensive (loss)/profit for the period, net of tax | | (508) | 450 | (2,463) | 1,583 |
| Total comprehensive (loss)//profit for the period, net of tax | | (13,801) | 5,113 | (26,644) | (12,312) |
| (Loss)/profit for the period attributable to: | | | | | |
| Equity holders of the company | | (12,576) | 3,436 | (23,281) | (13,782) |
| Non-controlling interests | | (717) | 1,227 | (900) | (113) |
| | | (13,293) | 4,663 | (24,181) | (13,895) |
| Total comprehensive (loss)/profit for the period, net of tax attributable to: | | | | | |
| Equity holders of the company | | (13,007) | 3,779 | (25,243) | (12,237) |
| Non-controlling interests | | (794) | 1,334 | (1,401) | (75) |
| | | (13,801) | 5,113 | (26,644) | (12,312) |
| (Loss)/earnings per share attributable to Equity holders of the company (sen per share): | | | | | |
| Basic | A9 | (3.96) | 1.08 | (7.34) | (4.35) |
| Diluted | A9 | (3.96) | 1.08 | (7.34) | (4.35) |

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
(456400-V)
(Incorporated in Malaysia)

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

| | Note | 30.09.2021 RM'000 | 31.12.2020 RM'000 |
|--|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | A10 | 245,737 | 258,074 |
| Intangible assets | | 2,510 | 2,510 |
| Deferred tax assets | | 37,596 | 36,508 |
| Concession financial assets | A11 | 106,745 | 99,045 |
| Trade receivables | | 20,904 | 20,512 |
| | | <u>413,492</u> | <u>416,649</u> |
| Current assets | | | |
| Inventories | | 128,042 | 98,685 |
| Trade and other receivables | | 185,198 | 171,643 |
| Other current assets | | 4,819 | 11,702 |
| Contract assets | | 6,302 | 3 |
| Tax recoverable | | 11,038 | 8,188 |
| Cash and bank balances | A13 | 31,542 | 42,500 |
| | | <u>366,941</u> | <u>332,721</u> |
| TOTAL ASSETS | | <u><u>780,433</u></u> | <u><u>749,370</u></u> |
| EQUITY AND LIABILITIES | | | |
| Current liabilities | | | |
| Loans and borrowings | A14 | 403,878 | 395,807 |
| Trade and other payables | | 114,393 | 114,222 |
| Contract liabilities | | 36,351 | 15,956 |
| Income tax payable | | 1,364 | 567 |
| Derivative liabilities | | 203 | - |
| | | <u>556,189</u> | <u>526,552</u> |
| Net current liabilities | | <u>(189,248)</u> | <u>(193,831)</u> |
| Non-current liabilities | | | |
| Loans and borrowings | A14 | 72,667 | 72,681 |
| Trade payables | | 6,542 | 6,542 |
| Deferred tax liabilities | | 10,404 | 11,214 |
| | | <u>89,613</u> | <u>90,437</u> |
| Total liabilities | | <u><u>645,802</u></u> | <u><u>616,989</u></u> |
| Net assets | | <u><u>134,631</u></u> | <u><u>132,381</u></u> |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 267,215 | 238,321 |
| Reverse acquisition reserve | | (37,300) | (37,300) |
| Foreign currency translation reserve | | (2,503) | (695) |
| Hedge reserve | | (154) | - |
| Accumulated losses | | (87,793) | (64,512) |
| | | <u>139,465</u> | <u>135,814</u> |
| Non-controlling interests | | (4,834) | (3,433) |
| Total equity | | <u><u>134,631</u></u> | <u><u>132,381</u></u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>780,433</u></u> | <u><u>749,370</u></u> |
| Net assets per share attributable to owners of the Company (sen) | | 42 | 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 SEPTEMBER 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 | (13,895) | (13,782) | - | - | - | - | (13,782) | (113) |
| Other comprehensive income | 1,583 | 1,545 | - | - | 136 | 1,409 | - | 38 |
| Total comprehensive income | (12,312) | (12,237) | - | - | 136 | 1,409 | (13,782) | (75) |
| At 30 September 2020 | 145,199 | 147,389 | 238,321 | (37,300) | (651) | 258 | (53,239) | (2,190) |

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 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Total Equity | Total equity attributable to equity holders of the Company, total | Attributable to equity holders of the Company | | | | | Non-controlling interests |
|----------------------------|--------------|---|---|-----------------------------|---------------------------------------|---------------|--------------------------------------|---------------------------|
| | | | Share capital | Reverse acquisition reserve | Foreign currency translation reserves | Hedge reserve | Revenue reserves/ (Accumulated loss) | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | 132,381 | 135,814 | 238,321 | (37,300) | (695) | - | (64,512) | (3,433) |
| Loss for the period | (24,181) | (23,281) | - | - | - | - | (23,281) | (900) |
| Other comprehensive income | (2,463) | (1,962) | - | - | (1,808) | (154) | - | (501) |
| Total comprehensive income | (26,644) | (25,243) | - | - | (1,808) | (154) | (23,281) | (1,401) |
| Issuance of share capital | 30,220 | 30,220 | 30,220 | - | - | - | - | - |
| Share capital expenses | (1,326) | (1,326) | (1,326) | - | - | - | - | - |
| At 30 September 2021 | 134,631 | 139,465 | 267,215 | (37,300) | (2,503) | (154) | (87,793) | (4,834) |

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 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Current period to date 30.09.2021 RM'000 | Preceding year corresponding period 30.09.2020 RM'000 |
|---|------|--|--|
| Operating activities | | | |
| Loss before tax | | (24,859) | (11,130) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | A7 | 12,766 | 13,344 |
| Finance income from concessions financial assets | A7 | (3,936) | (3,869) |
| Gain on disposal of property, plant and equipment | A7 | (37) | - |
| Interest income | A7 | (1,360) | (628) |
| Interest expense | A7 | 12,258 | 15,536 |
| Inventories written off | A7 | 135 | 82 |
| Property, plant and equipment written off | A7 | - | 211 |
| Reversal of bad debts written off | A7 | - | (606) |
| Unrealised gain on foreign exchange, net | A7 | (201) | (4,366) |
| Operating cash flows before working capital changes | | <u>(5,234)</u> | <u>8,574</u> |
| Changes in working capital: | | | |
| (Increase)/decrease in inventories | | (29,492) | 44,608 |
| Increase in trade and other receivables | | (16,451) | (58,296) |
| Increase in concessions financial assets | | (1,320) | (1,925) |
| Decrease in other current assets | | 25,849 | 18,065 |
| Decrease in trade and other payables | | (2,111) | (16,563) |
| Total changes in working capital | | <u>(23,525)</u> | <u>(14,111)</u> |
| Cash flows used in operations | | (28,759) | (5,537) |
| Interest paid | | (12,258) | (15,536) |
| Tax paid, net of refund | | (3,269) | (2,419) |
| Net cash flows used in operating activities | | <u>(44,286)</u> | <u>(23,492)</u> |



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

| | Note | Current year to date 30.09.2021 RM'000 | Preceding year corresponding period 30.09.2020 RM'000 |
|---|------|--|--|
| Investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 465 | 1,011 |
| Purchase of property, plant and equipment | | (2,540) | (1,115) |
| Interest received | | 1,360 | 628 |
| Net cash (used in)/generated from investing activities | | (715) | 524 |
| Financing activities | | | |
| Drawdown/(repayment) from borrowings | | 5,108 | (36,424) |
| Issuance of share capital | | 30,220 | - |
| Share capital expenses | | (1,326) | - |
| (Decrease)/increase in cash and bank balances pledged for bank borrowings | | (271) | 2,011 |
| Net cash generated from/(used in) financing activities | | 33,731 | (34,413) |
| Net decrease in cash and cash equivalents | | | |
| Effect on exchange rate changes | | (11,270) | (57,381) |
| Cash and cash equivalents at 1 January | | 39 | 5,607 |
| | | 34,968 | 84,184 |
| Cash and cash equivalents at 30 September | A13 | 23,737 | 32,410 |

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 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 30 November 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 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 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 | 363,805 | 427,006 | 13,818 | 9,850 | 18,588 | 34,094 | 3,711 | 5,166 | 399,922 | 476,116 | - | - | 399,922 | 476,116 |
| Inter-segment | - | - | - | - | - | - | 4,005 | 4,725 | 4,005 | 4,725 | (4,005) | (4,725) | - | - |
| Total revenue | 363,805 | 427,006 | 13,818 | 9,850 | 18,588 | 34,094 | 7,716 | 9,891 | 403,927 | 480,841 | (4,005) | (4,725) | 399,922 | 476,116 |
| Segment loss | (7,875) | 1,127 | (955) | (1,771) | (2,752) | (63) | (13,277) | (10,423) | (24,859) | (11,130) | - | - | (24,859) | (11,130) |

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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 91.0% (30 September 2020: 89.7%) of the total revenue of the Group for the period ended 30 September 2021 and is the main contributor to the Group’s operating profit in 2021.

The segment recorded a revenue and loss before tax of RM363.8 million and RM7.9 million respectively for the period ended 30 September 2021 as compared to revenue and profit before tax of RM427.0 million and RM1.1 million respectively in the corresponding period ended 30 September 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 3.5% (30 September 2020: 2.1%) of the total revenue of the Group for the period ended 30 September 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 RM0.9 million when compared to a loss of RM1.7 million in the corresponding period ended 30 September 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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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 4.6% (30 September 2020: 7.2%) of the total revenue of the Group for the period ended 30 September 2021.

The segment recorded a revenue and loss before tax of RM18.6 million and RM2.7 million respectively for the financial period ended 30 September 2021 as compared to revenue of RM34.1 million and loss before tax of RM63,000 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 September 2021, power generation, helicopter services and corporate segment contributed RM3.7 million to the total revenue of the Group.

The construction of hydro dam in Medan Indonesia is completed and the hydro dam was commissioned on 28 July 2021. The Ministry of Energy and Mineral Resources has approved and issued the Certificate to Operate on 13 August 2021. We will issue our first billing of electricity starting from November 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 RM3.9 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 loss before tax

The Group recorded a loss before tax of RM24.9 million (30 September 2020: loss before tax of RM10.5 million) for the period ended 30 September 2021. The results for period ended 30 September 2021 had deteriorated from period ended 30 September 2020 as our operations during that period were affected by the various Movement Control Orders.

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 |
| | Sept | Sept | Sept | Sept |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation of property, plant and equipment | 4,243 | 4,676 | 12,766 | 13,344 |
| Finance income from concession financial assets | (1,327) | (1,273) | (3,936) | (3,869) |
| Interest expense | 3,541 | 6,086 | 12,258 | 15,536 |
| Interest income | (266) | (160) | (1,360) | (628) |
| Inventories written off | 1 | 82 | 135 | 82 |
| Loss/(gain) on disposal of property, plant and equipment | 22 | 135 | (37) | - |
| Property, plant and equipment written off | - | 211 | - | 211 |
| Reversal of bad debts written off | - | (606) | - | (606) |
| Unrealised loss/(gain) on foreign exchange | 2,144 | (6,025) | (201) | (4,366) |

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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 3 months ended | |
|---|-----------------------------------|------------------------------|--------------------------------------|------------------------------|
| | 30 Sept 2021 RM'000 | 30 Sept 2020 RM'000 | 30 Sept 2021 RM'000 | 30 Sept 2020 RM'000 |
| Current income tax: | | | | |
| Based on results for the period | 376 | 1,417 | 1,785 | 2,876 |
| Over provision of deferred tax in respect of previous period | (1,410) | (18) | (1,769) | 18 |
| Deferred income tax | (45) | (47) | (694) | (93) |
| | <u>(1,079)</u> | <u>1,352</u> | <u>(678)</u> | <u>2,765</u> |

The effective tax rate for the current quarter, corresponding quarter, and cumulative current quarter were lower than the statutory tax rate principally due to the deferred tax assets recognised for unabsorbed losses carried forward and unabsorbed capital allowances carried forward in certain subsidiaries.

The effective tax rate for the period ended 30 September 2020 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)/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 (loss)/earnings per share is presented as equal to basic (loss)/earnings per share.

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

| | Current year quarter | | Current year to date | |
|---|----------------------|--------------------|----------------------|--------------------|
| | 30 Sept 2021 | 30 Sept 2020 | 30 Sept 2021 | 30 Sept 2020 |
| (Loss)/profit net of tax attributable to equity holders the Company (RM'000) | <u>(12,576)</u> | <u>3,436</u> | <u>(23,281)</u> | <u>(13,782)</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>(3.96)</u> | <u>1.08</u> | <u>(7.34)</u> | <u>(4.35)</u> |
| Diluted (loss)/earnings per share (sen per ordinary share) | <u>(3.96)</u> | <u>1.08</u> | <u>(7.34)</u> | <u>(4.35)</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 period ended 30 September 2021, the Group acquired assets at the cost of RM2.5 million (30 September 2020: RM1.1 million).

A11. Concession financial assets

| | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
|---------------------------------------|---|--|
| At 1 January | 99,045 | 99,863 |
| Concession construction revenue | 1,320 | 2,511 |
| Accrued financial income | 3,936 | 5,308 |
| Exchange difference | 2,444 | (3,016) |
| Impairment | - | (5,621) |
| At 30 September 2021/31 December 2020 | <u>106,745</u> | <u>99,045</u> |

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

| | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
|-------------------------------|---|--|
| Cash in hand and at banks | 27,732 | 27,500 |
| Deposits with licensed banks | <u>3,810</u> | <u>15,000</u> |
| Cash and bank balances | <u>31,542</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 September 2021 RM'000 | 31 December 2020 RM'000 |
|----------------------------------|---|--|
| Cash and bank balances | 31,542 | 42,500 |
| Less: Bank overdrafts | (2,000) | (1,998) |
| Cash restricted for repayment | (2,034) | (2,034) |
| Deposits pledged | <u>(3,771)</u> | <u>(3,500)</u> |
| Cash and cash equivalents | <u>23,737</u> | <u>34,968</u> |



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

A13. Loans and borrowings

| | 30 September 2021 RM’000 | 31 December 2020 RM’000 |
|--------------------|---|--|
| Current | | |
| Secured | 81,087 | 60,372 |
| Unsecured | 322,791 | 335,435 |
| | <u>403,878</u> | <u>395,807</u> |
| Non-current | | |
| Secured | 72,222 | 72,681 |
| Unsecured | 445 | - |
| | <u>72,667</u> | <u>72,681</u> |
| | <u>476,545</u> | <u>468,488</u> |

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

| | 30 September 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 September 2021.

A15. Commitments

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

| | | Sales to related parties | September Purchases from related parties | September 2021/December 2020 Amounts owed by related parties | September 2020 Amounts owed to related parties |
|--|------|--------------------------|--|--|--|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Transactions with subsidiaries of Sarawak Energy Berhad: | | | | | |
| Syarikat | 2021 | 6,266 | - | 4,956 | - |
| SESCO Berhad | 2020 | 10,920 | - | 893 | - |
| Transactions with subsidiaries of Hng Capital Sdn Bhd: | | | | | |
| Alpha | 2021 | 3,689 | 104,547 | 17,537 | 5,428 |
| Industries Sdn. Bhd. | 2020 | 1,669 | 118,496 | - | 9,599 |
| Leader Aluminium Sdn. Bhd. | | | | | |
| Leader | 2021 | - | - | - | - |
| Universal | 2020 | - | 184 | - | - |

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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

During the current reporting quarter, various Movement Control Orders were implemented due to the challenges brought by COVID-19 and this has resulted interruptions the supply chain thus affecting our Cables and Wires business as well as to the interruptions in the work progress of our Transmission Lines Construction business. This has led to a higher loss before taxation for the quarter ended 30 September 2021 compared to 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.

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 Cables and Wires business adopts back-to-back and hedging approach, the fluctuations on LME metal prices will not have any direct impact on our profitability.

The Group is closely monitoring and assessing the impact of COVID-19 and when it becomes appropriate to disclose any material information, it will be made in accordance with the Main Market Listing Requirements.

B6. Profit forecast or profit guarantee

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

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").

On 4 October 2021, the Group completed the RS under the CDRC purview on the premise that certain companies in the Group complete the relevant agreements with their Lenders, which includes the Security Sharing Agreements ("SSAs").

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

- (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 30.22 million have been/shall be utilised in the following manner:

| | Purpose | Proposed utilisation | Actual utilisation | Deviation | Balance | Estimated timeframe for utilisation from date of listing | Explanation |
|------|------------------------------|----------------------|--------------------|-----------|--------------|--|-------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | | |
| (i) | Working capital requirements | 28,940 | (19,476) | (46) | 9,418 | Within 12 months | - |
| (ii) | Estimated expenses | 1,280 | (1,326) | 46 | - | Within 1 month | Note A |
| | | <u>30,220</u> | <u>(20,802)</u> | <u>-</u> | <u>9,418</u> | | |

Explanation:

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

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 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 September 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 30 November 2021.

By order of the Board