

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. If you have sold or transferred all your Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (collectively the "Documents") to the agent / broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our share registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents.

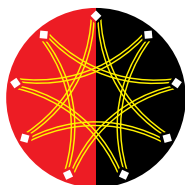
Approvals for the Rights Issue has been obtained from our shareholders at our Company's EGM held on 17 June 2013. Approval has also been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 20 May 2013 for the listing of and quotation for the Rights Shares on the Official List of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares will commence, amongst others, upon the receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. Admission to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares are in no way reflective of the merits of the Rights Issue.

Our Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy, correctness and completeness of the information contained in the Documents and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make the statements in the Documents false or misleading.

The Documents are only dispatched to the Entitled Shareholders who have a registered address in Malaysia in our Record of Depositors at 5.00 p.m. on 4 July 2013 ("**Entitlement Date**") or who have provided our Share Registrar with a registered address in Malaysia in writing prior to the Entitlement Date. The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue is not intended to be (and will not be) made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than, nor under or in accordance with any laws other than that of, nor lodged, registered or approved by any regulatory authority or relevant body other than those in Malaysia. No action has been or will be taken to ensure that the Rights Issue and the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be the sole responsibilities of the Entitled Shareholders and/or their renouncee(s) (if applicable) who are or may be subject to the laws of country or jurisdiction other than Malaysia to consult their legal and/or other professional advisers and to satisfy themselves as to whether the acceptance or renunciation (as the case may be) of all or part of their entitlements to the Rights Issue would result in the contravention of the laws of such country or jurisdiction. Such shareholders should also refer to Section 10.6 of this Abridged Prospectus for further information. Neither SCB nor Kenanga Investment Bank Berhad ("**KIBB**"), being the Principal Adviser, shall accept any responsibility or liability in the event that any acceptance or renunciation of the Rights Shares made by the Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

KIBB, being the Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.



SARAWAK CABLE BERHAD
(456400-V)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 77,625,000 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD IN SARAWAK CABLE BERHAD ("SCB" OR THE "COMPANY") AT 5.00 P.M. ON 4 JULY 2013 ("RIGHTS ISSUE")

Principal Adviser and Underwriter



KENANGA INVESTMENT BANK BERHAD

Company No. 19678-H

A Participating Organisation of Bursa Malaysia Securities Berhad

IMPORTANT RELEVANT DATES:-

Entitlement date : Thursday, 4 July 2013 at 5.00 p.m.
Last date and time for sale of Provisional Rights Shares : Thursday, 11 July 2013 at 5.00 p.m.
Last date and time for transfer of Provisional Rights Shares : Tuesday, 16 July 2013 at 4.00 p.m.
Last date and time for acceptance and payment : Friday, 19 July 2013 at 5.00 p.m.*
Last date and time for Excess Rights Shares Application(s) and payment : Friday, 19 July 2013 at 5.00 p.m.*

* Or such later date and time as our Board and our Underwriter may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 4 July 2013

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

THE ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE CORPORATION AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS / INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

For the purpose of this Abridged Prospectus, except where the context otherwise requires, the following definitions shall apply:-

Abridged Prospectus	: This Abridged Prospectus dated 4 July 2013
Act	: Companies Act, 1965
Announcement	: Announcement dated 4 April 2013 in relation to the Proposals
Board	: Board of Directors of the Company
Bonus Issue	: Bonus issue of 46,575,000 Bonus Shares on the basis of one (1) Bonus Share for every five (5) existing Shares held in SCB after the Rights Issue at an entitlement date to be determined later
Bonus Share(s)	: New Shares to be issued pursuant to the Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System
Code	: Malaysian Code on Take-Overs and Mergers, 2010
Central Paragon	: Central Paragon Sdn Bhd (285864-M)
CMSA	: Capital Markets and Services Act, 2007
Dato Sri Mahmud	: Dato Sri Mahmud Abu Bekir Taib
Director	: Shall have the same meaning given in the paragraph 10.02(c) of the Listing Requirements
EGM	: Extraordinary General Meeting
EPS	: Earnings per share
Entitled Shareholder(s)	: The shareholders of SCB whose names appear in the Record of Depositors of the Company on the Entitlement Date, who shall be entitled to participate in the Rights Issue
Entitlement Date	: 5.00 p.m. on 4 July 2013 on which Entitled Shareholders must be registered in our Record of Depositors in order to be entitled to participate in the Rights Issue
Excess Rights Shares	: The Rights Share(s) which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) prior to the Excess Rights Shares Application(s)
Excess Rights Shares Application(s)	: Application(s) for Excess Rights Shares in excess of an Entitled Shareholder's entitlement under the Rights Issue as set out in Section 10.4 of this Abridged Prospectus
FPE	: Financial period ended or financial period ending
FYE	: Financial year ended or financial year ending

DEFINITIONS (cont'd)

Foreign Shareholders	: Entitled Shareholders having an address outside Malaysia and/or are subject to the laws or jurisdiction of any country other than Malaysia (whether in substitution of and/or in conjunction with the laws and jurisdiction of Malaysia)
Government	: Government of Malaysia
IDR	: Indonesia Rupiah
IME	: PT Inpola Mitra Elektrindo, 65% owned subsidiary of SCB
KIBB	: Kenanga Investment Bank Berhad (15678-H)
PAT	: Profit after tax
PBT	: Profit before tax
LPD	: 20 June 2013, being the latest practicable date prior to the issuance of this Abridged Prospectus
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
Main Market	: The Main Market of Bursa Securities
Market Day	: A day on which Bursa Securities is open for trading in securities
MW	: Megawatt
NA	: Net assets
NTA	: Net tangible assets
NPA	: Notice of Provisional Allotment of Rights Shares
Official List	: A list specifying all securities listed on the Main Market of Bursa Securities
Proposals	: Collectively, the Rights Issue and the Bonus Issue
Provisional Rights Shares	: Rights Shares provisionally allotted to the Entitled Shareholders
Record of Depositors	: A record of securities holder established by the Bursa Depository under the rules of Bursa Depository
Rights Issue	: Renounceable rights issue of 77,625,000 Rights Shares at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held at 5.00 p.m. on the Entitlement Date
Rights Share(s)	: New Shares to be issued under the Rights Issue
RM and Sen	: Ringgit Malaysia and sen, respectively
RSF	: Rights Subscription Form
SC	: Securities Commission of Malaysia
SCB or the Company	: Sarawak Cable Berhad (456400-V)

DEFINITIONS (cont'd)

SCB Group or the Group	: Collectively, SCB and its subsidiaries
Share(s)	: Ordinary share(s) of RM0.50 in SCB
SEB	: Sarawak Energy Berhad (7199-D)
Shareholders' Undertaking	: Written irrevocable undertaking by the Undertaking Shareholders to subscribe in full for their respective entitlements for the Rights Shares under the Rights Issue
STSB	: Sarwaja Timur Sdn Bhd (312748-V), a wholly owned subsidiary of SCB
TERP	: Theoretical Ex-Rights Price
TISB	: Trenergy Infrastructure Sdn Bhd (409002-P), a wholly owned subsidiary of SCB
TNB	: Tenaga Nasional Berhad (200866-W)
Underwriter	: KIBB
Underwriting Agreement	: Underwriting agreement dated 19 June 2013 between SCB and the Underwriter for the underwriting of up to 24,055,002 Rights Shares at an underwriting commission of 1.25% of the total value of the underwritten Shares at the issue price of RM1.00 per Rights Share
Undertaking Shareholders	: Dato Sri Mahmud, SEB, Toh Chee Ching, Central Paragon and Yek Siew Liong collectively

In this Abridged Prospectus, all references to "our Company" are to SCB and references to "our Group" are to SCB Group. References to "we", "us", "our", "ourselves" are to our Company or, where the context requires, our Group. References to "you" in this Abridged Prospectus are references to our Shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time and date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Dato Sri Mahmud Abu Bekir Taib (<i>Non-Independent Non-Executive Chairman</i>)	Demak Jaya No. 936, Jalan Bako Petra Jaya, 93050 Kuching, Sarawak	Malaysian	Company Director
Datuk Fong Joo Chung (<i>Non-Independent Non-Executive Deputy Chairman</i>)	No. 25, Jalan Bampfyld 93000 Kuching, Sarawak	Malaysian	Company Director
Toh Chee Ching (<i>Group Managing Director / Chief Executive Officer</i>)	838H, Off Jalan Stampin Tengah 5 93250 Kuching, Sarawak	Malaysian	Company Director
Dato' Seri H'ng Bok San @ H'ng Ah Ba (<i>Non-Independent Non-Executive Director</i>)	No. 15, Jalan Tunku Abdul Rahman 10350 Georgetown, Penang	Malaysian	Company Director
Yek Siew Liong (<i>Non-Independent Non-Executive Director</i>)	No. 316, Lorong 1 Taman Hock Lee Jalan Sultan Iskandar 97000 Bintulu, Sarawak	Malaysian	Company Director
Kevin How Kow (<i>Independent Non-Executive Director</i>)	No. 32A, Jalan Saga Kampung Likas 88010 Kota Kinabalu, Sabah	Malaysian	Company Director
Dato' Ahmad Redza bin Abdullah (<i>Independent Non-Executive Director</i>)	No. 17 & 19, Jalan 10/12 Seksyen 10, 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Erman bin Radin (<i>Independent Non-Executive Director</i>)	No. 138, Lorong 5B6 Block A, Kampung Haji Baki 93250 Kuching, Sarawak	Malaysian	Company Director
Kon Ted Liuk (<i>Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba</i>)	No. 20, Lorong Sungei Kelian Taman Hillview, Tanjung Bungah 11200 Penang	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Kevin How Kow	Chairman of the Audit Committee	Independent Non-Executive Director
Dato' Ahmad Redza bin Abdullah	Member of the Audit Committee	Independent Non-Executive Director
Erman bin Radin	Member of the Audit Committee	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Voon Jan Moi (MAICSA 7021367)
No. 810, Lorong Song 3C1A
Tabuan Heights, Jalan Song
93350 Kuching, Sarawak
- : Chai Chin Foh (MIA 25916)
24, Taman Lien Kun, Lorong 3B
Jalan Chong Kiun Kong
93300 Kuching, Sarawak
- REGISTERED OFFICE** : Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak
- Tel: 082-434311
Fax: 082-435311
Website: www.sarawakcable.com
- PRINCIPAL ADVISER AND UNDERWRITER** : Kenanga Investment Bank Berhad
8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
- Tel: 03-2164 9080, 2162 1490
Fax: 03-2161 4990, 2163 5927
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young (AF 0039)
3rd Floor, Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak
- Tel: 082-243233
Fax: 082-421287
- DUE DILIGENCE SOLICITORS** : Wong Beh & Toh
Advocates & Solicitors
Peti#30, Level 19, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur
- Tel: 03-2713 6050
Fax: 03-2713 6052
- PRINCIPAL BANKERS** : AmBank (M) Berhad
(in alphabetical order)
No. 164, 166 & 168
1st Floor, Jalan Abell
93100 Kuching
Sarawak
- Tel: 082-244791
Fax: 082-244718

CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKERS (CONT'D)
(in alphabetical order)

: Hong Leong Bank Berhad
Kuching Business Centre
No. 42, 1st Floor, Jalan Pending
93450 Kuching
Sarawak

Tel: 082-349729, 483594
Fax: 082-349682

: Hong Leong Islamic Bank Berhad
Kuching Business Centre
2nd Floor, Jalan Pending
93450 Kuching
Sarawak

Tel: 082-349729, 483594
Fax: 082-349682

: Kenanga Investment Bank Berhad
8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2164 9080, 2162 1490
Fax: 03-2161 4990, 2163 5927

: RHB Bank Berhad
Regional Corporate Banking Sarawak
2nd Floor, Lot 363
Jalan Kulas
93400 Kuching
Sarawak

Tel: 082-274800
Fax: 082-274846

SHARE REGISTRAR

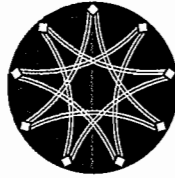
: Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7841 8000
Helpdesk: 03-7849 0777
Fax: 03-7841 8151/8152

STOCK EXCHANGE LISTING

: Main Market of Bursa Securities

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SARAWAK CABLE BERHAD

(Company No.: 456400-V)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak

4 July 2013

Board of Directors

Dato Sri Mahmud Abu Bekir Taib (Non-Independent Non-Executive Chairman)
Datuk Fong Joo Chung (Non-Independent Non-Executive Deputy Chairman)
Toh Chee Ching (Group Managing Director/ Chief Executive Officer)
Dato' Seri H'ng Bok San @ H'ng Ah Ba (Non-Independent Non-Executive Director)
Yek Siew Liong (Non-Independent Non-Executive Director)
Kevin How Kow (Independent Non-Executive Director)
Dato' Ahmad Redza bin Abdullah (Independent Non-Executive Director)
Erman bin Radin (Independent Non-Executive Director)
Kon Ted Liuk (Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba)

To: **The Shareholders of Sarawak Cable Berhad**

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 77,625,000 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD IN SARAWAK CABLE BERHAD ("SCB" OR THE "COMPANY") AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("RIGHTS ISSUE")

1. INTRODUCTION

On 17 June 2013, our Board announced that our shareholders had on even date, approved, *inter alia*, the Rights Issue and the Bonus Issue.

A certified true extract of the ordinary resolution is set out in **Appendix I** of this Abridged Prospectus.

We have also obtained approval from Bursa Securities vide its letter dated 20 May 2013 for the listing of and quotation for 77,625,000 Rights Shares and 46,575,000 Bonus Shares, subject to, *inter alia*, the following conditions:-

Conditions	Status of Compliance
(a) SCB and KIBB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals.	Noted and to be complied
(b) SCB and KIBB to inform Bursa Securities upon the completion of the Proposals.	To be complied
(c) SCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.	To be complied
(d) SCB to furnish Bursa Securities with a certified true copy of the resolution passed at shareholders at the EGM for the Proposals.	Complied
(e) SCB and KIBB to make the relevant announcements pursuant to Paragraph 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements.	To be complied

Save for the approvals obtained by our Company stated in this section, the Proposals are not subject to any other approval.

On 19 June 2013, our Board announced the Entitlement Date of the Rights Issue to be 4 July 2013.

On 3 July 2013, this Abridged Prospectus was registered with the SC and was subsequently lodged with the Registrar of Companies.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue, and if given or made, such information or representation must not be relied upon as having been authorised by us or KIBB in connection with the Rights Issue.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

The Rights Issue will involve the issuance and allotment of 77,625,000 Rights Shares at an issue price of RM1.00 per Rights Share on a renounceable basis for subscription by Entitled Shareholders, on the basis of one (1) Rights Share for every two (2) existing Shares held at the Entitlement Date.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the RSF and the NPA in respect of the number of Rights Shares for which you are entitled to subscribe under the terms of this Rights Issue. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the RSF and NPA.

Any dealing in SCB securities will be subject to, *inter alia*, the provisions of the *Securities Industry (Central Depositories) (Amendment) Act, 1998*, the *Rules of Bursa Depository* and any other relevant legislation. Accordingly, upon subscription, the Rights Shares will be credited directly into the respective CDS Accounts of the successful applicants. No physical share certificate will be issued but notices of allotment will be despatched to the successful applicants.

As at the date of this Abridged Prospectus, the Rights Shares have been provisionally allotted to the Entitled Shareholders. Accordingly, the Entitled Shareholders can renounce or subscribe for their entitlements to the Rights Shares in full or in part. Any Rights Share which is not taken up or allotted for any reason will be made available for application under the Excess Rights Shares Application(s) by the Entitled Shareholders and/or their renounee(s) (if applicable).

For the allocation of Excess Rights Shares applied for, if any, it is the intention of our Board to allocate the Excess Rights Shares in a fair and equitable manner in the following priority:-

- (a) firstly, to minimise the incidence of odd lots;
- (b) secondly, for allocation to Entitled Shareholders (excluding the Undertaking Shareholders) who have applied for Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings on the Entitlement Date; and
- (c) thirdly, for allocation to Entitled Shareholders (excluding the Undertaking Shareholders) and/or their renounee(s) (if applicable) who have applied for Excess Rights Shares on a pro-rata basis and in board lots calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares in such manner as our Board deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out above is achieved.

Any fractional entitlements to the Rights Shares will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deems fit and in the best interest of SCB.

Any further Rights Shares that are not fully subscribed after the Excess Rights Shares Application will be subscribed by the Underwriter in accordance with the terms and conditions set out in the Underwriting Agreement.

The procedures for acceptance, application and payment for the Rights Shares are set out in Section 10 of this Abridged Prospectus.

Within eight (8) Market Days after the last day of acceptance and payment for the Rights Shares, or such other period as may be prescribed or allowed by Bursa Securities, we will:-

- (a) allot the Rights Shares;
- (b) despatch notices of allotment to the allottees; and
- (c) make an application for the quotation of the Rights Shares on the Main Market.

The Rights Shares will be listed and quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis and Justification of determining the Issue Price of the Rights Shares

The issue price of RM1.00 per Rights Share represents a discount of approximately 21.88% to the TERP of RM1.28, calculated based on the five (5)-day WAMP of the existing Shares up to and including 3 April 2013, being the Market Day immediately preceding the price fixing date, of RM1.42.

For a more recent illustration, based on the closing price of the Shares on LPD of RM1.83, the TERP of the Shares, based on the issue price of RM1.00 per Rights Share is RM1.55. The issue price, thus, represents a discount of 35.48% from the abovementioned TERP.

In determining the issue price, the Board has taken into consideration the followings:-

- (a) the prevailing market price and the TERP of the Shares;
- (b) the prevailing issue prices and discount given for recent rights issue exercises undertaken by public companies listed on Bursa Securities;
- (c) based on an issue price deemed attractive to entice the shareholders of SCB to subscribe for the Rights Shares;
- (d) the unaudited NA per Share of SCB Group as at 31 December 2012 of RM0.98 per Share; and
- (e) the quantum of the gross proceeds to be raised for the operational funding requirements of SCB Group as set out in Section 5 of this Abridged Prospectus.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon issuance and allotment, rank equally in all respects with the existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the issuance and allotment of the Rights Shares were made on or prior to the entitlement date of such dividend, rights, allotments and/or other distributions.

For information purposes, the Rights Issue will be completed prior to the entitlement date for the Bonus Issue and the Rights Shares upon issuance and allotment will be entitled to the Bonus Shares.

2.4 Details of other intended corporate exercise which has been approved

As at the LPD, save for the Proposals, our Board confirms that there is no other intended corporate exercise which has been approved by the regulatory authorities but not completed.

The Bonus Issue will involve the issuance and allotment of 46,575,000 Bonus Shares on the basis of one (1) Bonus Share for every five (5) Shares held after the Rights Issue at an entitlement date to be determined later. The Bonus Issue is to reward our shareholders for their continuous support and at the same time enhance the marketability and liquidity of our Shares.

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3. DETAILS OF THE SHAREHOLDERS' UNDERTAKING AND UNDERWRITING ARRANGEMENT

The Rights Issue will be undertaken on a full subscription basis.

We have procured written irrevocable undertakings dated 23 April 2013 from the Undertaking Shareholders to irrevocably undertake to subscribe in full for their respective entitlements for the Rights Shares ("**Shareholders' Undertaking**") as follow:-

Undertaking Shareholders	Shareholdings as at 23 April 2013		Rights Shares and amount to be subscribed pursuant to the Shareholders' Undertaking		
	No. of Shares	%	No. of Rights Shares	% of Rights Shares	Amount (RM)
Dato Sri Mahmud	32,125,000	20.69	16,062,500	20.69	16,062,500
SEB	29,109,998	18.75	14,554,999	18.75	14,554,999
Toh Chee Ching	21,439,998	13.81	10,719,999	13.81	10,719,999
Central Paragon	18,990,000	12.23	9,495,000	12.23	9,495,000
Yek Siew Liong	5,475,000	3.53	2,737,500	3.53	2,737,500
Total	107,139,996	69.01	53,569,998	69.01	53,569,998

The Undertaking Shareholders have confirmed that they have sufficient financial resources to subscribe for their respective entitlements and the said confirmations have been verified by KIBB in its capacity as the Principal Adviser for the Proposals.

We also had on 19 June 2013, entered into the Underwriting Agreement with the Underwriter to underwrite for the remaining 24,055,002 Rights Shares (or 30.99% of the total Rights Shares) ("**Underwritten Shares**") for which no unconditional and irrevocable written undertaking to subscribe has been obtained from other shareholders. The underwriting commission payable to the Underwriter is 1.25% of the value of the Underwritten Shares based on the issue price of the Rights Shares and all other costs in relation to the underwriting agreement will be fully borne by us.

The Undertaking Shareholders will not trigger any obligations under the Code upon completion of the Rights Issue as the Undertaking Shareholders have undertaken not to subscribe for any Excess Rights Shares above their respective entitlements via the Excess Rights Shares Application.

4. RATIONALE FOR THE RIGHTS ISSUE

After due consideration of various methods of fund raising, our Board is of the opinion that raising funds by way of a rights issue of Shares is in our long-term interest as it will:-

- (a) raise our equity capital and strengthen our capital base;
- (b) enable us to raise funds without incurring interest costs, as compared to borrowings;
- (c) reduce borrowings and interest expenses of our Group; and
- (d) provide an opportunity for our existing shareholders to further participate in our equity and the continuing growth of our Group.

The Rights Issue will enable our Group to raise funds for our working capital, capital expenditure and project financing, which are expected to contribute positively to the earnings potential of our Group in the future and to defray estimated expenses for the Proposals.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM1.00 per Rights Share, the Rights Issue is expected to raise gross proceeds of RM77.625 million. The proceeds are expected to be utilised in the following manner:-

Proposed utilisation	Expected timeframe for utilisation	RM'000
Working capital and capital expenditure ^(a)	Within 24 months	66,625
Repayment of bank borrowings ^(b)	Within 6 months	10,000
Estimated expenses in relation to the Proposals ^(c)	Within 1 month	1,000
Total		77,625

Notes:-

(a) The proceeds will be utilised for our Group's working capital for our day-to-day operations/projects such as:-

	Estimated % of proceeds to be utilised
Financing for our Group's existing and future projects for the power utilities industry, including but not limited to turnkey / engineering / fabrication projects **	75%
Procurements of raw materials for our Group's manufacturing operations and capital expenditure within our Group's ordinary course of business	25%

* The actual utilisation of each component of working capital may differ subject to the operational requirements at the time of utilisation.

** These projects include the design, fabrication and supply, delivery, erection and commission of overhead power transmission line projects in Malaysia as well as the design, construction and operation of a proposed mini hydro (8 MW) power plant in North Sumatra, Indonesia. In addition, we have also tendered for transmission line projects in Malaysia in excess of RM1 billion. The timing and implementation of these projects are and will be subject to various risks inherent in the power utilities industry set out in Section 6 of this Abridged Prospectus. Barring unforeseeable circumstances, we estimate approximately 25% of the allocated proceed will be utilised for financing existing projects and the balance 75% will be utilised for financing future projects. Nevertheless, the actual quantum of the proceed to be utilised for project financing will depend on the operational requirements and timing of implementation of the said projects as well as the availability of project financing at the time of utilisation.

(b) Our Group's total bank borrowings (all denominated in Ringgit) as at LPD amounted to approximately RM96.68 million. For illustrative purposes, based on the Group's average interest rate of approximately 4.83% per annum, the partial repayment of the Group's bank borrowings is expected to result in interest cost savings of approximately RM0.48 million per annum.

(c) The breakdown of the estimated expenses are as follows:-

Estimated expenses	RM'000
Professional fees and fees payable to the relevant authorities	505
Printing, despatch and advertising expenses	80
Underwriting commission payable	300
Other miscellaneous expenses	115
Total	1,000

Pending utilisation of the proceeds from the Rights Issue for the above purposes, we will place the proceeds in deposits with financial institutions or short-term money market instrument(s).

6. RISK FACTORS

6.1 Risks relating to Our Business and Industry

(a) We are dependent on major customers

Our Group is dependent on certain major customers which include SEB and TNB which are the entities entrusted with the generation, transmission, distribution and supply of electricity to the State of Sarawak and Peninsular Malaysia respectively. For the FYE 31 December 2012, orders from SEB and TNB consisted approximately 48% and 35% respectively of our Group's sales of power cables, conductors, galvanised steel products, transmission towers and contract revenue.

Our Board is of the opinion that, barring any unforeseen circumstances, we will continue to maintain our business relationship with SEB and TNB in view of our long-standing and cordial relationship, quality of our products and services as well as timely delivery. Save for risks inherent in general political, economic and regulatory environment and foregoing factors, our Board is of the opinion that there are no specific factors which could potentially have an adverse impact on the relationship between our Group and SEB and TNB. Our Group also seeks to limit our dependence on the Malaysian market by expanding into other neighbouring countries and, for a start, had ventured into Indonesia via our 65% owned subsidiary, IME in 2012.

Notwithstanding our Group's long-standing relationships with SEB and TNB, there can be no assurance that any decrease in orders from SEB and TNB will not have an adverse effect on our business in the long term.

(b) We are exposed to risks associated with the delay in completion of projects and termination of existing projects

Our Group is in the business of general contracting and infrastructure development and specialising in the construction of power transmission lines. We have also via our 65% owned subsidiary, IME ventured into the Indonesian energy market in 2012. IME was awarded a Power Purchase Agreement ("PPA") by PT Perusahaan Listrik Negara (Persero) ("PLN") in 2010 to design, finance and construct a mini hydro-power plant (8MW) in the North Sumatra area.

Various external factors which are beyond our controls determine whether timely completion of the construction of our projects can be achieved. Among these factors include approvals from various regulatory authorities and the need to comply with the directions of the relevant local and regional government and environmental requirements, weather conditions and natural disaster, labour dispute and being granted access to the project site in a timely manner. Any delays in completing projects on our account may result in us being liable to damages and late delivery claims as stipulated under the contracts and this may have an impact on our profitability, reputation and our ability to secure future projects.

We are dependent on contributions from our construction contract projects. For the FYE 31 December 2012, construction contract projects accounted for 43% of our revenue. Accordingly, any cancellation or termination of any of our existing projects may have a material adverse impact on our Group's financial position and financial results. However, cancellation or termination of projects would not have any material impact on our revenue pertaining to the portion of work that has already been completed as payments for work completed prior to such cancellation or termination would still be payable by our customers. As at the LPD, we have not faced any liquidated and ascertained damages on termination, delay or rescheduling which have had a material impact on our Group's profitability.

We try to mitigate, as best as we can, any external factors which are within our control that may contribute to a delay in completion of our projects. Our strategies include having a proper project planning process of working closely with our customers on project specification, proper procurement planning to allow sufficient lead time for materials purchase, engaging competent and experienced contractors with good credentials of timely project delivery. In addition, our project management team also closely monitors site progress and meeting regularly with customers and contractors to resolve issues and concern relating to the projects on a timely basis to ensure key project deliverables adhere to planned schedules.

Nevertheless, despite the measures taken above, there can be no assurance that any delay in completion of projects and/or termination of existing projects in future will not adversely affect our business, operations, financial position and performance and reputation.

(c) We are exposed to the risk of inability to secure new projects

Our Group continuously competes with our competitors to secure contracts for new projects and our ability to replenish contracts in the future depends on, amongst others, government policies and general economic conditions which necessitates the need to build or improve infrastructure for the power transmission industry as well as changes in general business and credit conditions. Failure to secure new projects could materially affect our Group's future profitability. Most of our new projects are secured from existing customers and we have taken steps to establish good relationship with our key customers for customer retention and referral. These steps include maintaining close supervision of progress of our projects and ensuring our customers are satisfied with our project quality and services. We also offer value-added solutions or services that are tailored to customers' requirements to accommodate the customers' design change requests and ability to provide after-sales customer service by our in-house team.

Nevertheless, despite the measures taken above, there can be no assurance that we will be able to secure new projects in the future which may adversely affect our financial position and financial result.

(d) We are dependent on the availability of raw materials at competitive prices

Our manufacturing activities rely on a sustainable supply of raw materials such as copper rods, aluminium rods, steel plates, steel coils, zinc blocks and optical ground wires. Our purchasing department closely monitors the prices and supply of the required raw materials and takes measures such as increasing inventory levels if a shortage of supply or unfavourable price movement is anticipated.

We also maintain a diversified supplier base and do not depend on any single supplier for the purchase of raw materials. As copper rods and aluminium rods are commodities traded on the London Metal Exchange whereby their prices are subjected to world supply and demand, all manufacturers that use these materials in their production are equally affected. In most situations, we are able to pass on fluctuations in the prices of raw materials to our customers resulting in minimal impact on our profit margins.

Notwithstanding the above, there can be no assurance that our business operations and financial performance will not be adversely affected if there is a prolonged shortage in the supply or adverse long-term price movement in the abovementioned raw materials.

(e) We are dependent on major suppliers

Universal Cable (M) Sdn Bhd, Alpha Industries Berhad and Leader Universal Aluminium Sdn Bhd (collectively the "**Suppliers**"), which are subsidiaries of HNG Capital Sdn Bhd, supply aluminium alloy rods, copper rods, aluminium rods and cables to our Group. Our purchases from the Suppliers made up over 30% of our total purchases for the FYE 31 December 2012.

We have been dealing with the Suppliers for the past thirty (30) years and have established a long-term and stable business relationship with them. In addition, we have a diversified supplier base and are able to source for alternative supplies of these materials should the need arises. Our Group strives to obtain supplies from at least three (3) suppliers, which would help reduce any dependency on any one (1) single supplier.

Notwithstanding the above, there can be no assurance that any disruption in the supply of products from the Suppliers will not have an adverse effect on our business.

(f) We operate in a competitive environment

Our industry is competitive in terms of product and service deliverable quality, timeliness of delivery and price. We face competition from local and foreign players as well as existing and potential new players in the industry. There are currently other manufacturers of power cables and wires and galvanised steel products as well as other engineering firms involved in transmission line projects in Malaysia. Operators in the industry may resort to price competition or other competitive practices to increase their market share, which may result in margin and/or market share erosion.

Despite the competition faced, we believe that we will be able to maintain and/or increase our competitiveness due to our established track records and market presence, reputation of timely delivery of products and services as well as our technical knowhow. These factors would also facilitate our Group in reaching out to a wider potential customer base in Malaysia and abroad.

Although we constantly strive to enhance the quality of our products and services, increase our efficiency, broaden our product range and services, implement cost control and undertake productivity enhancing measures to remain competitive, there can be no assurance that we will be able to maintain or increase our margins and/or market share in the future. There is no assurance that we can or will continue to remain competitive among our existing or new competitors in light of the constantly changing and competitive business environment. Our failure to remain competitive may have a material adverse impact on our business operations and financial performance.

(g) Dependence on key personnel

Our continued success will depend to a significant extent upon the abilities and continued efforts of our existing directors and key management personnel. We undertake on-the-job training to transfer knowledge from experienced personnel to new or junior employees and will send them to attend relevant external training courses if necessary. Over the years, our training programme has developed competent and skilful employees with multi-skills who are able to rotate in different duties and responsibilities within their areas of expertise. In addition, we have always been able to source for our labour requirements locally. Many of our Group's existing staff has been with our Group for a considerable period and the staff turnover rate of our Group due to resignation is minimal.

The loss of any of our key management personnel may adversely affect our ability to maintain and/or improve our performance. As such, we believe that our future success will, to a large extent, depend on good succession planning and our ability to retain and attract skilled personnel. We have taken appropriate measures such as providing adequate compensation, incentives, training and development programmes, as well as rewarding our employees for their contribution to our success.

However, there can be no assurance that the loss of any of our key management personnel will not have an adverse effect on our Group.

(h) We are exposed to the risks relating to fluctuations in interest rate and collection from customers

Interest rate exposure arises mainly from our Group's borrowings which amounted to RM96.68 million as at LPD. Any increase in interest rates may lead to higher borrowings costs, and in turn, affect our Group's profitability and cashflow. Further, our credit facilities agreements with banks and financiers contain, amongst others, covenants that may limit our operating and financing flexibility. Any act failing within the ambit or scope of such covenants will require the consent of the relevant banks or financiers.

Credit risks arise when sales are made on credit terms in particular for our Group. If our debtors do not pay up and the debts turn bad and are written-off, our Group's profitability and cashflow will be affected. For the FYE 31 December 2010 and FYE 31 December 2011, we reported a net recovery of bad debts of RM0.19 million and bad debts written off and impairment loss of trade receivables (net of recovery/reversal of impairment loss) expense of RM0.30 million respectively. For the FYE 31 December 2012, we reported a net recovery of bad debts of RM2.16 million. We have in place procedures for credit evaluation of our customers before sales are made to them to minimise the occurrence of bad or doubtful debts.

(i) We are susceptible to operational risk

Our manufacturing activities face certain operational risks which are inherent in the manufacturing industry which include, amongst others, fire and/or major machinery breakdown. In mitigating these risks, our occupational safety and health committee ("OSHC") comprising management and workers' representatives are entrusted to evaluate and perform security checks every six (6) months on the factory to ensure that security and safety policies and control systems are adhered to. Our OSHC members have attended external safety courses in relation to proper handling of fire fighting equipment and procedures to be carried out in the event of fire in the factories. Our manufacturing plant is also equipped with fire fighting equipment such as fire hydrants and/or sprinkler systems. The local fire department also inspects our manufacturing plant annually. We conduct regular servicing of our machinery and equipment to minimise the risk of equipment or machinery breakdown.

While we have taken all reasonable steps to mitigate the operational risks as described above, there can be no assurance that the above measures taken will be adequate in the event of fire and/or machinery breakdown and that it will not have a material adverse effect on our business, operations and financial performance.

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6.2 Risks relating to the Rights Issue

(a) Market price of the Rights Shares

The market price of our Shares and the performance of the local stock market is dependent on external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. Sentiments are also largely driven by internal factors such as the economic and political conditions of our country, foreign exchange policies as well as the growth potential. These factors invariably contribute to the volatility of the liquidity on Bursa Securities, thus adding risk to the market price of our Shares. In view of this, there can be no assurance that the Rights Share will trade at or above the issue price from the date of this Abridged Prospectus and upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market.

Notwithstanding the above, it should be noted that our Group's financial performance is not dependent on the performance of our Shares.

(b) Delay in or abortion of the Rights Issue

There is a risk that may cause a delay in the listing of and quotation for the Rights Shares or the abortion thereof. These may happen upon the occurrence of, for example, the Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligation under certain circumstances (such as force majeure events, non-fulfilment of condition precedent, breach of undertakings, warranties and representations on our part) if certain events, amongst others, changes in law or market conditions has materially affected the success of the Rights Issue or the Undertaking Shareholders fail to fulfil their obligations set out in Section 3 of this Abridged Prospectus.

In the event that the Rights Issue is aborted, we will return in full, without interest, all monies received by us in respect of any application for subscription of the Rights Shares, within fourteen (14) days after it becomes liable. Section 243(2) of the CMSA dictates that if such monies are not repaid within fourteen (14) days after it becomes liable, such monies must be repaid with interest in accordance with the provisions of Section 243(2) of the CMSA.

We will exercise our best endeavour to ensure that the Rights Issue is successfully implemented. However, there can be no assurance that the above events will not occur and cause the delay or abortion of the Rights Issue.

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6.3 General Considerations

(a) Economic, political and regulatory risks

The financial and business prospects of our Group and the industry in which we operate may depend to some degree on the developments in the political, economic and regulatory factors in Malaysia and other countries in which we operate. Any adverse developments of such factors may materially and adversely affect the financial prospects of our Group and the industry in which we operate in.

The political and regulatory uncertainties include, amongst others, the risks of war, riots, changes in political leadership, expropriation, nationalism, interest, liquidity and credit conditions, exchange control rules and policies on repatriation of profits, tax, employment and industrial regulations and disruption to supplies and production due to labour issues.

As such, there is no guarantee that there will not be any changes in economic and business environment, Government policies or regulations that may have an adverse impact on our Group.

(b) Disclosure on forward looking statements

All statements contained in this Abridged Prospectus, statements made in press releases and oral statements that may be made by our Company or our Directors or employees acting on our Group's behalf, that are not statements of historical fact, constitute "forward-looking statements". Investors can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would", and "could" or similar words as they relate to our Group or our Group's business. However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Group's expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to our Group's revenue and profitability, cost measures, planned strategy and any other matters discussed in this Abridged Prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results, and any statements which are forward-looking in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by our Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially for the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter alia, general economic and business conditions, competition and the impact of new laws and regulations affecting our Group. In light of these risks and other uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not imply that the plans and objectives of our Group (where applicable) will be fully implemented and satisfied.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of the Malaysian Economy

The Malaysian economy performed better than expected in 2012, recording a strong growth of 5.6%. The overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. Investment activity was a key driver of the domestic economy during the year, with increased capital spending by both the private and public sectors. This was led by strong capital spending in the consumer-related services sector, domestic-oriented manufacturing sectors and the implementation of major infrastructure projects.

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. All major economic sectors are expected to record continued expansion in 2013 with the services and manufacturing sectors expected to be the key contributors to overall growth, driven by the continued resilience of domestic demand and supported by higher international trade activity.

Overall, the growth prospects of the Malaysian economy will continue to be underpinned by the strength of its fundamentals. Of importance, labour and market conditions will remain favourable, with the unemployment rate projected to remain low at 3.1% of the labour force in 2013.

(Source: Bank Negara Malaysia Annual Report 2012)

7.2 Outlook of the utilities and infrastructure sectors in Sarawak

The Sarawak Corridor of Renewable Energy ("**SCORE**") is one of the five (5) regional development corridors being developed throughout the country. SCORE is a major initiative undertaken to develop the Central Region of Sarawak and transform Sarawak into a developed state by year 2020. It aims to achieve the goals of accelerating the State of Sarawak's economic growth and development, as well as improving the quality of life for the people of Sarawak.

The core of SCORE is its energy resources (28,000 MW), particularly hydropower (20,000 MW), coal (5,000 MW) and others (3,000 MW). This will allow Sarawak to price its energy competitively and encourage investments in power generation and energy-intensive industries that will act as triggers for the development of a vibrant industrial development in SCORE. The distribution of investment is RM267 billion (80%) in industries and power while RM67 billion (20%) in physical infrastructure, human capital and institutional infrastructure.

(Source: www.sarawakscore.com.my)

In addition, one of the National Key Result Areas announced by the Government under the Government Transformation Programme is the improvement to rural basic infrastructure to serve the rural population which includes:-

- Providing access to 24-hour electricity to 95% of households in Sabah and Sarawak by 2015. Currently, only 88.7% and 82.7% of households in Sabah and Sarawak respectively are supplied with 24-hour electricity.
- Connecting schools in rural areas to the main grid to reduce their dependence on diesel generators thereby lessening their fuel cost and ensuring that there is a more stable supply of electricity. Hybrid systems will also be used to deliver electricity to rural households.

(Source: www.pemandu.gov.my)

The above initiatives by the Federal and State governments will provide ample opportunities for the players in the power utilities and infrastructure sectors in the years ahead.

7.3 Prospects of SCB Group

Our Group's operations include the supply and manufacture of power cables and wires, fabrication of steel structures/towers under its manufacturing division to the construction, installation and commissioning of power transmission and distribution lines under its engineering division. These products and services cover almost the entire value chain of the power transmission and distribution industry and enable our Group to operate as an integrated one-stop manufacturing base and solutions provider. This provides our Group with a strong foundation to further enhance our competitive edge and market position in the power transmission and distribution industry as we are able to provide one-stop in-house products and services to customers at competitive pricing as well as better logistical support to ensure timely completion of projects.

With the Government increased focus on development of rural areas in Malaysia, particularly in Sarawak, under the Government Transformation Programme coupled with the development of heavy industries under SCORE, there is an urgent need to enhance the electricity generation and power distribution capacity in the State to facilitate infrastructural and industrial developments in the years ahead. This will translate into a continuous and strong demand for power cables and conductors, steel products, transmission lines and towers. This augurs well for our Group which has a long track record, capability and capacity to undertake various projects in the power transmission and distribution business.

In addition, our Group has also ventured Indonesia in 2012 via IME's proposed mini hydro (8 MW) power plant in the North Sumatra area. It is estimated that an additional 90,000 MW of power supply will be needed in Indonesia by the year 2025 to facilitate her economic developments (*source: Masterplan for the Acceleration and Expansion of Economic Development in Indonesia 2011-2025*). Construction of the plant will commence, once IME has obtained all the relevant approvals and procured the construction site and, will be completed within two (2) years from commencement of construction. Pursuant to the PPA, PLN will purchase the electricity produced for a period of twenty (20) years. Thus the Indonesia venture will provide our Group with a stable cashflow and more opportunities to participate in the vibrant Indonesia power utilities market in the future. In addition, our Group may also venture into other neighbouring countries in the future when the opportunities arise to capture new growth area within the ASEAN region.

Premised on the above, our Group will continue to enhance our manufacturing capacity and efficiency as well as our technical capability for the engineering division to embark on projects of increasing scale and complexity in Malaysia and abroad.

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8. EFFECTS OF THE PROPOSALS**8.1 Issued and paid-up share capital**

The proforma effects of the Proposals on our issued and paid-up share capital are as follows:-

	No. of Shares '000	Share Capital RM'000
As at LPD	155,250	77,625
To be issued pursuant to the Rights Issue	77,625	38,812
Enlarged issued and paid-up share capital after the Rights Issue	232,875	116,437
To be issued pursuant to the Bonus Issue	46,575	23,288
Enlarged issued and paid-up share capital after the Proposals	279,450	139,725

8.2 NA, NTA and gearing

The effects of the Proposals on the NA, NTA and gearing of our Group are set out below:-

RM'000	Audited 31 December 2012	After the Rights Issue	After the Bonus Issue	After utilisation of proceeds
Share capital	77,625	116,437	139,725	139,725
Reverse acquisition reserve	(37,300)	(37,300)	(37,300)	(37,300)
Share premium	31,783	^(a) 69,696	46,408	46,408
Foreign exchange reserves	(314)	(314)	(314)	(314)
Revenue reserves	79,251	79,251	^(b) 79,151	79,151
Shareholders' funds / NA	151,045	227,770	227,670	227,670
Less: Intangible assets	(33,239)	(33,239)	(33,239)	(33,239)
NTA	117,806	194,531	194,431	194,431
No. of Shares ('000)	155,250	232,875	279,450	279,450
NA per Share (RM)	0.97	0.98	0.81	0.81
NTA per Share (RM)	0.76	0.84	0.70	0.70
Total Borrowings	123,641	123,641	123,641	^(c) 113,641
Gearing ratio (times)	0.82	0.54	0.54	^(c) 0.50

Notes:-

- (a) After deducting the estimated expenses in relation to the Rights Issue of RM0.90 million.
(b) After deducting the estimated expenses in relation to the Bonus Issue of RM0.10 million.
(c) The reduction in total borrowings and gearings was due to repayment of borrowings from the proceeds from the Rights Issue, details of which are set out in Section 5 of this Abridged Prospectus.

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8.3 Substantial Shareholders' Shareholdings

The effects of the Proposals on our substantial shareholders' shareholdings are set out below:-

Substantial Shareholders	Shareholdings as at LPD		After the Rights Issue		After the Bonus Issue	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No of Shares ('000)	No of Shares ('000)	No of Shares ('000)	No of Shares ('000)	No of Shares ('000)	No of Shares ('000)
Dato Sri Mahmud	32,125	18,990 ^(a)	48,188	28,485 ^(a)	57,825	34,182 ^(a)
SEB	29,110	-	43,665	-	52,398	-
Toh Chee Ching	21,440	180 ^(b)	32,160	270 ^(b)	38,592	324 ^(b)
Central Paragon	18,990	-	28,485	-	34,182	-
Yek Stew Liong	5,475	18,990 ^(c)	8,213	28,485 ^(c)	9,855	34,182 ^(c)
State Financial Secretary Sarawak	-	29,110 ^(d)	-	43,665 ^(d)	-	52,398 ^(d)
Delegateam Sdn Bhd	-	29,110 ^(d)	-	43,665 ^(d)	-	52,398 ^(d)
UF Jaya Sdn Bhd	-	18,990 ^(e)	-	28,485 ^(e)	-	34,182 ^(e)
Baodi Development Sdn Bhd	-	18,990 ^(e)	-	28,485 ^(e)	-	34,182 ^(e)
Yek Min Ek Sdn Bhd	-	18,990 ^(f)	-	28,485 ^(f)	-	34,182 ^(f)
Tan Sri Dato Sri Yit Ming Yik @ Yek Min Ek	-	18,990 ^(c)	-	28,485 ^(c)	-	34,182 ^(c)
Puan Sri Datin Sri Ting Phik Chai	-	18,990 ^(c)	-	28,485 ^(c)	-	34,182 ^(c)

Notes:-

- (a) Deemed interested by virtue of their interests in Central Paragon pursuant to Section 6A of the Act.
(b) Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn Bhd pursuant to Section 6A of the Act.
(c) Deemed interested by virtue of their interests in Central Paragon via Yek Min Ek Sdn Bhd pursuant to Section 6A of the Act.
(d) Deemed interested by virtue of their interests in SEB pursuant to Section 6A of the Act.
(e) Deemed interested by virtue of its interest in Central Paragon via UF Jaya Sdn Bhd pursuant to Section 6A of the Act.
(f) Deemed interested by virtue of its interest in Central Paragon via Baodi Development Sdn Bhd pursuant to Section 6A of the Act.

8.4 Earnings and EPS

The Proposals are expected to be completed in the third quarter of 2013 and will have a dilutive impact on the EPS of our Group for the FYE 31 December 2013 as a result of an increase in the number of Shares in issue upon completion of the Proposals.

However, assuming that the Proposals had already been effected by 31 December 2012 (before taking into consideration the effects arising from the utilisation of proceeds from the Rights Issue), the proforma effects of the Proposals on the EPS are as follows:-

	Audited FYE 31 December 2012	After the Rights Issue	After the Bonus Issue
Profit attributable to owners of the Company (RM'000)	5,947	5,947	* 5,847
No. of Shares in issue ('000)	155,250	232,875	279,450
EPS (sen)	3.83	2.55	2.09

Note:-

* After deducting the estimated expenses in relation to the Bonus Issue of RM0.10 million.

The Proposals are expected to contribute positively to the earnings of our Group as a result of the injection of fresh funds for the purposes set out in Section 5 of this Abridged Prospectus and when the benefits of the utilisation of proceeds are realised.

8.5 Convertible securities

We have not issued any options, warrants or convertible securities.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the funds generated from our operations, the banking facilities available to our Group, cash in hand as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital to meet our Group's current business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, details of our Group's total outstanding borrowings, all of which are interest-bearing, are as follows:-

Interest-bearing borrowings	RM'000
Short-term (due within 12 months)	
- Secured	37,320
- Unsecured	34,892
	72,212
Long-term (due after 12 months)	
- Secured	24,463
Total	96,675

As at LPD, our Group does not have any non-interest bearing borrowings or foreign currency denominated borrowings.

There has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings, throughout the past one (1) financial year, and the subsequent financial period up to the LPD.

9.3 Contingent Liabilities

As at the LPD, our Board is not aware of any contingent liabilities which upon being enforceable, may have a material impact on the financial position of our Group save as disclosed below:-

	RM'000
Corporate guarantees given to customers in relation to projects undertaken	20,557
Guarantees for banking facilities granted to subsidiaries	101,500
Total	122,057

9.4 Material Commitments

As at the LPD, our Board is not aware of any other material commitments incurred or known to be incurred by our Group which may have a material impact on the financial position of our Group save as disclosed below:-

	RM'000
Capital expenditure approved but not contracted for	13,367
Capital expenditure approved and contracted for	362
Total	13,729

The material commitments are expected to be funded through internally-generated funds and/or bank borrowings.

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10. INSTRUCTIONS FOR ACCEPTANCE, EXCESS RIGHTS SHARES APPLICATION AND PAYMENT

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES, EXCESS RIGHTS SHARES APPLICATION AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) WISH TO DISPOSE OF ALL OR ANY PART OF YOUR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND THE INSTRUCTIONS THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

10.1 General

If you are an Entitled Shareholder, your CDS account will be duly credited with the number of Provisional Rights Shares, which you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS account and the RSF to enable you to subscribe for Provisional Rights Shares provisionally allotted to you, as well as apply for any Excess Rights Shares if you so choose to do so.

This Abridged Prospectus and RSF are also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

10.2 Procedures for Acceptance, Application and Payment

If you wish to accept the Provisional Rights Shares either in full or in part, please complete Parts I and III of the RSF in accordance with the notes and instructions contained in the RSF and submit it together with the appropriate remittance, to our Share Registrar at the following address:-

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7841 8000
Helpdesk: 03-7849 0777
Fax: 03-7841 8151/8152

not later than 5.00 p.m. on 19 July 2013, being the last date and time for the acceptance and payment for the Rights Shares or such later date and time as our Board and Underwriter may decide and announce not less than two (2) Market Days before the original closing date.

If you do not wish to accept the Provisional Rights Shares in full, you are entitled to accept part of your entitlements. The minimum number of Rights Shares that can be accepted is one (1) Rights Share. Applicants should take note that a trading board lot of the Shares comprise one hundred (100) Shares. You have to complete Parts I and Part III of the RSF by specifying the number of Provisional Rights Share(s) which you are accepting. The portion of the Provisional Rights Share(s) that has not been accepted will be allotted to applicants applying for Excess Rights Shares in the manner set out in Section 10.4 of this Abridged Prospectus.

Acceptance, application and payment for the Provisional Rights Shares must be made on the RSF and must be completed in accordance with the notes and instructions therein. Acceptances which do not conform with the terms and conditions of this Abridged Prospectus or the RSF together with the notes and instructions therein or which are illegible may not be accepted at the absolute discretion of our Board.

All acceptance and payment for the Provisional Rights Shares shall be submitted to our Share Registrar by the mode of dispatch of your choice and is entirely at your own risk.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Provisional Rights Shares accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**SCB RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS account number. The payment must be made in the exact amount. Any acceptance with excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or any other mode of payment not prescribed herein are not acceptable.

No acknowledgement of the receipt of the RSF for the Provisional Rights Shares or application monies will be issued by our Company or our Share Registrar in respect of the Provisional Rights Shares.

If acceptance and payment(s) for the Provisional Rights Shares offered to are not received by our Share Registrar by 5.00 p.m. on 19 July 2013, or such later date and time as our Board and the Underwriter may decide and announce not less than two (2) Market Days before the original closing date, the Provisional Rights Shares will be deemed to have been declined and will be cancelled. Such Provisional Rights Shares not taken up will then be allotted firstly to applicants for Excess Rights Shares Application and if remain undersubscribed, will be underwritten.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

10.3 Procedures for sale or transfer of Provisional Rights Shares

The Provisional Rights Shares are renounceable and will be traded on Bursa Securities commencing 5 July 2013 until 11 July 2013 at 5.00 p.m. As such, you and/or your renounee(s) may sell/transfer all or part of your entitlements to the Provisional Rights Shares.

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS accounts of the entitled person and the new purchaser. If you are an Entitled Shareholder, your CDS account will be duly credited with the number of Provisional Rights Shares. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS account. You may sell part or all of the Provisional Rights Shares.

As the Provisional Rights Shares are prescribed securities, should you and/or your renounee(s) wish to sell all or part of your entitlement to the Provisional Rights Shares, you may do so immediately through your stockbrokers for the period up to the last day of trading of the Provisional Rights Shares on 11 July 2013 at 5.00 p.m., without first having to request for a split of the Provisional Rights Shares standing to the credit in your CDS account.

To sell all or part of your Provisional Rights Shares, you and/or your renounee(s) may sell such entitlements on Bursa Securities or transfer such entitlements to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling all or part of your Provisional Rights Shares, you and/or your renounee(s) need not deliver any document (including the RSF) to the stockbroker in respect of the portion of the Provisional Rights Shares sold. However, you and/or your renounee(s) must ensure that you have sufficient Provisional Rights Shares standing to the credit of your CDS account that are available for settlement of the sale.

If you have purchased any Provisional Rights Shares on Bursa Securities, to enable you to accept the Provisional Rights Shares, you should obtain the RSF from one (1) of the following:-

- (a) Any Malaysian stock broking company
- (b) Our Registered Office at:-

Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak

- (c) Our Share Registrar:-

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

- (d) Bursa Securities' website (<http://www.bursamalaysia.com>).

If you and/or your renounee(s) have sold only part of your entitlements to the Provisional Rights Shares, you may still accept the balance of your entitlements to the Provisional Rights Shares by completing Parts I and Part III of the RSF and forwarding the RSF together with the full amount payable on the balance of the Provisional Rights Shares applied for to our Share Registrar in accordance with the instructions in Section 10.2 above.

You are required to complete the RSF and submit the same with the requisite payment to our Share Registrar as described under Section 10.2 above on Procedures for Acceptance, Application and Payment.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

10.4 Procedures for Excess Rights Shares application

If you wish to apply for Excess Rights Shares in excess of your entitlement, you may do so by completing Part II of the RSF in addition to Parts I and III of the RSF and forwarding it with a separate remittance for the full amount payable in respect of the Excess Rights Shares applied for to our Share Registrar, not later than 5.00 p.m. on 19 July 2013 or such later date and time as our Board and Underwriter may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment under the Excess Rights Shares Application(s) should be made in the same manner described in Section 10.2 of this Abridged Prospectus except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**SCB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS account number. Cheques or any other mode of payments not prescribed herein are not acceptable.

It is the intention of our Board to allocate the Excess Rights Shares in a fair and equitable manner in the following priority:-

- (a) firstly, to minimise the incidence of odd lots;
- (b) secondly, for allocation to Entitled Shareholders (excluding the Undertaking Shareholders) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings on the Entitlement Date; and
- (c) thirdly, for allocation to Entitled Shareholders (excluding the Undertaking Shareholders) and/or their renounee(s) (if applicable) who have applied for Excess Rights Shares on a pro-rata basis and in board lots calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares in such manner as our Board deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out above is achieved.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

No acknowledgement of the receipt of the RSF for the Excess Rights Shares Application(s) or application monies will be issued by our Company or our Share Registrar in respect of the Excess Rights Shares Application(s).

In respect of unsuccessful or partially successful Excess Rights Shares Application(s), the full amount or the balance of the application monies (as the case may be) will be refunded without interest within fifteen (15) Market Days from the last date of application and payment of the Excess Rights Shares by ordinary post to the address shown in Bursa Depository's records at your own risk.

If you lose, misplace or for any reason require another copy of the RSF, you may obtain additional copies from your stockbrokers, our Registered Office, Bursa Securities' website (<http://www.bursamalaysia.com>) or our Share Registrar.

10.5 CDS Accounts

Bursa Securities has already prescribed our Shares listed on the Main Market to be deposited with Bursa Depository. Accordingly, the Rights Shares shall be prescribed securities and as such, all dealings in the Rights Shares will be by book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository. You must have a CDS account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy(ies) in the CDS account number may result in the application being rejected.

The acceptance of the Rights Shares by you or any purchaser of the Rights Shares thereof shall mean consent to receiving such Rights Shares as prescribed securities which will be credited directly into your or the purchaser's CDS account.

All Excess Rights Shares allotted shall be credited directly into the CDS account of the successful applicants.

You are required to use one (1) RSF for each CDS account. Separate RSFs must be used if you have more than one (1) CDS account having been credited with the Rights Shares. If successful, the Rights Shares that you subscribed for will be credited into the CDS account where the Provisional Right Shares are standing to the credit.

10.6 Foreign Shareholders

This Abridged Prospectus, NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue is not intended to be (and will not be) made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than, nor under or in accordance with any laws other than that of, nor lodged, registered or approved by any regulatory authority or relevant body other than those in Malaysia.

The Rights Issue to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus and the RSF electronically or otherwise within Malaysia. Accordingly, this Abridged Prospectus, NPA and RSF will not be sent to Foreign Shareholders who do not have a registered address in Malaysia as stated in our Record of Depositors. Foreign Shareholders may also collect or authorise any other person to collect on their behalf, the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event, our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and/or authority of the person collecting the aforesaid documents.

If you accept the Rights Issue, we will assume that such acceptance would not be in breach of the laws of any jurisdiction that you are subject to and that such Rights Issue were accepted by you in, and subject to the laws of Malaysia.

Nevertheless, our Board reserves the right, in their absolute discretion, to treat any acceptance as invalid and/or ineffective, if they believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers and to satisfy yourself as to whether your acceptance or renunciation (as the case may be) of all or part of your entitlements to the Rights Issue would result in the contravention of any law to which you are subject (including those of any country or jurisdiction other than Malaysia, if any). Neither SCB nor KIBB, being the Principal Adviser or any other advisers to the Rights Issue, shall accept any responsibility or liability whatsoever to any party in the event that such acceptance or renunciation by you and/or your renounee(s) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Remittances by Foreign Shareholders and/or their renounee(s) who wish to accept the Rights Issue subject to the above conditions must be made in the manner prescribed in Sections 10.2 and 10.4 of this Abridged Prospectus.

If you are a Foreign Shareholder, by signing the RSF, you and/or your renounee(s) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) our Company, our Board and officers, and other advisers to the Rights Issue that:-

- (a) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which you and/or your renounee(s) is or might be subject to;
- (b) you and/or your renounee(s) have complied with the laws to which you and/or your renounee(s) are or may be subject to in connection with the acceptance or renunciation;
- (c) you and/or your renounee(s) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Rights Shares, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

- (d) you and/or your renounee(s) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (e) you and/or your renounee(s) have respectively received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus; and
- (f) you and/or your renounee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

10.7 Notice of Allotment

Upon the allotment of the Rights Shares in respect of your acceptance and Excess Rights Shares Application(s) (if any), the Rights Shares shall be credited into your CDS account. No physical certificates will be issued to you in respect of the Rights Shares. However, a notice of allotment will be dispatched to you by ORDINARY POST within eight (8) Market Days from the last date of acceptance and payment of the Rights Shares / Excess Rights Shares Application(s) at the address shown in Bursa Depository's records at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be dispatched by ORDINARY POST to you within fifteen (15) Market Days from the last date of acceptance and payment of the Rights Shares / Excess Rights Shares Application(s) to the address shown in Bursa Depository's records at your own risk.

The allotment of the Rights Shares, dispatch of notices of allotment and application to Bursa Securities for the quotation of the Shares must be made within eight (8) Market Days from the last day for the acceptance and payment of the Rights Shares.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

THE LATEST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE AT 5.00 P.M. ON 19 JULY 2013 OR SUCH LATER DATE AND TIME AS OUR BOARD AND THE UNDERWRITER MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

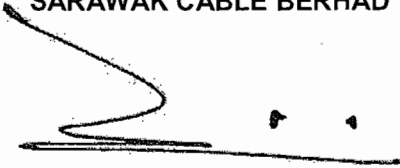
11. TERMS AND CONDITIONS

The offer of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying RSF and NPA.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors
SARAWAK CABLE BERHAD



Toh Chee Ching
Group Managing Director/ Chief Executive Officer

**APPENDIX I – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS
PERTAINING TO THE PROPOSALS PASSED AT THE EGM OF SCB HELD ON 17 JUNE 2013**

SARAWAK CABLE BERHAD
(Company No. 456400-V)
(Incorporated in Malaysia)

Extract of the Minutes of the Extraordinary General Meeting of Sarawak Cable Berhad (“SCB” or “the Company”) held at 360 Urban Resort Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 17 June 2013 at 11.30 a.m.

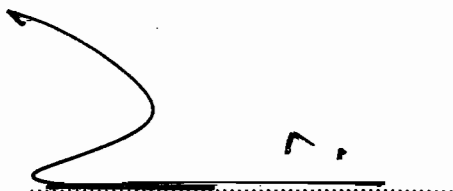
ORDINARY RESOLUTION 1

- **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 77,625,000 NEW ORDINARY SHARES OF RM0.50 EACH (“SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD IN SCB AT AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)**

RESOLVED THAT, subject to the approval-in-principle of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities and the approvals of any other relevant authorities, if any, the Board of Directors of the Company (“Board”) be and is hereby authorised to:-


- (a) provisionally allot by way of a renounceable rights issue of 77,625,000 Rights Shares at an issue price of RM1.00 per Rights Share payable in full upon acceptance, to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined by the Board on the basis of one (1) Rights Share for every two (2) existing Shares held, and on such other terms and conditions as the Board may determine **AND THAT** all such Rights Shares shall upon issuance and allotment, rank pari passu in all respects with the existing Shares in the Company except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the allotment of the Rights Shares;
- (b) utilise the proceeds from the Proposed Rights Issue for such purposes and in such manner as set out in Section 2.1.5 of the Circular to Shareholders dated 23 May 2013 and the Board be authorised to revise the utilisation of proceeds as the Board may deem fit or expedient subject to where required, the approval of the relevant authorities, if necessary; and
- (c) give effect to and complete the Proposed Rights Issue with full powers to do such acts and things and take all steps as the Board may consider necessary and execute any such documents or instruments as may be required or permitted upon such terms and conditions and to assent to any conditions, modifications, variation and/or amendments (if any) as may be imposed or permitted by the relevant authorities including but not limited to the variation of the issue price and to take all steps as the Board may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue with or without variation.

Certified True Extract By:



TOH CHEE CHING
Managing Director

Dated : 17 June 2013



CHAI CHIN FOH
(MIA 25916)
Company Secretary

**APPENDIX I – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS
PERTAINING TO THE PROPOSALS PASSED AT THE EGM OF SCB HELD ON 17 JUNE 2013
(CONT'D)**

SARAWAK CABLE BERHAD

(Company No. 456400-V)

(Incorporated in Malaysia)

Extract of the Minutes of the Extraordinary General Meeting of Sarawak Cable Berhad (“SCB” or “the Company”) held at 360 Urban Resort Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 17 June 2013 at 11.30 a.m.

ORDINARY RESOLUTION 2

- **PROPOSED BONUS ISSUE OF 46,575,000 NEW SHARES ("BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY FIVE (5) SHARES HELD IN SCB AFTER THE PROPOSED RIGHTS ISSUE AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")**

RESOLVED THAT, subject to the passing of Ordinary Resolution 1 and the approval-in-principle of Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities and the approvals of any other relevant authorities, if any, the Board be and is hereby authorised to:-

- (a) capitalise RM23,287,500 out of the share premium of the Company, and to apply the same for the purpose of issuing 46,575,000 Bonus Shares in the share capital of the Company credited as fully paid-up to be issued to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined by the Board on the basis of one (1) Bonus Share for every five (5) existing Shares held after the Proposed Rights Issue, and on such other terms and conditions as the Board may determine **AND THAT** all such Bonus Shares shall upon issuance and allotment, rank pari passu in all respects with the existing Shares in the Company except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the allotment of the Bonus Shares; and
- (b) give effect to and complete the Proposed Bonus Issue with full powers to do such acts and things and take all steps as the Board may consider necessary and execute any such documents or instruments as may be required or permitted upon such terms and conditions and to assent to any conditions, modifications, variation and/or amendments (if any) as may be imposed or permitted by the relevant authorities and to take all steps as the Board may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Bonus Issue with or without variation.

Certified True Extract By:



TOH CHEE CHING
Managing Director



CHAI CHIN FOH
(MIA 25916)
Company Secretary

Dated : 17 June 2013

APPENDIX II – INFORMATION ON SCB

1. HISTORY AND PRINCIPAL ACTIVITIES

SCB was incorporated on 8 January 1998 in Malaysia as a public limited company under the Act with the name of UCS Holdings Berhad. On 16 May 2007, our Company was converted into a private limited company under the name of UCS Holdings Sdn Bhd. On 13 February 2009, we changed our name to Sarawak Cable Sdn Bhd and converted into a public limited company on 26 October 2009. SCB was listed on the Main Board (currently known as the Main Market) of Bursa Securities on 25 May 2010.

The principal activities of our Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. Our subsidiaries are principally involved in manufacturing and sale of power cables and wires, manufacture, fabrication, hot-dip galvanising and sale of steel structures and business contractors and infrastructure development.

For further details of our subsidiaries and associated companies, please refer to Section 5 of this Appendix.

2. SHARE CAPITAL

The authorised, issued and paid-up ordinary share capital of SCB as at the LPD are as follow:-

Share capital	No. of Shares	Par value (RM)	Amount (RM)
Authorised share capital Ordinary shares of RM0.50 each	500,000,000	0.50	250,000,000
Issued and paid-up share capital Ordinary shares of RM0.50 each	155,250,000	0.50	77,625,000

Details of changes in the authorised, issued and paid-up share capital of our Company over the last three (3) years up to the LPD (i.e. between 20 June 2010 to 20 June 2013) are as follows:-

Authorised Share Capital

Date of Change	Creation of additional Shares	Par value (RM)	Description	Authorised share capital (cumulative) (RM)
11 June 2012	300,000,000	0.50	Creation of additional 300,000,000 Shares to increase authorised share capital to 500,000,000 Shares	250,000,000

Issued and paid-up Share Capital

Date of Allotment	No. of Shares Allotted	Par value (RM)	Consideration / Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
24 December 2010	5,000,000	0.50	Cash (Private placement)	62,500,000
29 December 2010	10,000,000	0.50	Otherwise than Cash (Acquisition of 75% interest in STSB)	67,500,000
20 November 2012	20,250,000	0.50	Cash (Private placement)	77,625,000

APPENDIX II – INFORMATION ON SCB (CONT'D)**3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The details of our substantial shareholders and their shareholdings in our Company as at the LPD are set out in Section 8.3 of the Abridged Prospectus.

4. PARTICULARS OF DIRECTORS**4.1 Details of Directors**

The details of our Company's Directors (who are all Malaysian) as at the LPD are as follows:-

Name	Address	Occupation	Age
Dato Sri Mahmud Abu Bekir Taib (Non-Independent Non-Executive Chairman)	Demak Jaya No. 936, Jalan Bako Petra Jaya, 93050 Kuching Sarawak	Company Director	49
Datuk Fong Joo Chung (Non-Independent Non-Executive Deputy Chairman)	No. 25, Jalan Bampfyld 93000 Kuching, Sarawak	Company Director	64
Toh Chee Ching (Group Managing Director / Chief Executive Officer)	838H, Off Jalan Stampin Tengah 5 93250 Kuching, Sarawak	Company Director	52
Dato' Seri H'ng Bok San @ H'ng Ah Ba (Non-Independent Non-Executive Director)	No. 15, Jalan Tunku Abdul Rahman 10350 Georgetown, Penang	Company Director	73
Yek Siew Liong (Non-Independent Non-Executive Director)	No. 316, Lorong 1 Taman Hock Lee Jalan Sultan Iskandar 97000 Bintulu, Sarawak	Company Director	53
Kevin How Kow (Independent Non-Executive Director)	No. 32A, Jalan Saga Kampung Likas 88010 Kota Kinabalu, Sabah	Company Director	64
Dato' Ahmad Redza bin Abdullah (Independent Non-Executive Director)	No. 17 & 19, Jalan 10/12 Seksyen 10, 46000 Petaling Jaya Selangor Darul Ehsan	Company Director	49
Erman bin Radin (Independent Non-Executive Director)	No. 138, Lorong 5B6 Block A, Kampung Haji Baki 93250 Kuching, Sarawak	Company Director	36
Kon Ted Liuk (Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba)	No. 20, Lorong Sungei Kelian Taman Hillview, Tanjung Bungah 11200 Penang	Company Director	58

APPENDIX II – INFORMATION ON SCB (CONT'D)

4.2 Directors' Shareholdings

The effects of the Proposals on our Directors' shareholdings in SCB are set out below:-

Directors	Shareholdings as at IPO		After the Rights Issue		After the Bonus Issue	
	Direct No of Shares ('000)	Indirect No of Shares ('000)	Direct No of Shares ('000)	Indirect No of Shares ('000)	Direct No of Shares ('000)	Indirect No of Shares ('000)
Dato Sri Mahmud	32,125	18,990 ^(a)	48,188	28,485 ^(a)	57,825	34,182 ^(a)
Datuk Fong Joo Chung	595	-	893	-	1,071	-
Toh Chee Ching	21,440	930 ^(b)	32,160	1,395 ^(b)	38,592	1,674 ^(b)
Dato' Seri H'ng Bok San @ H'ng Ah Ba	125	125 ^(c)	188	188 ^(c)	225	225 ^(c)
Yek Siew Liong	5,475	18,990 ^(d)	8,213	28,485 ^(d)	9,855	34,182 ^(d)
Kevin How Kow	-	-	-	-	-	-
Dato' Ahmad Redza bin Abdullah	-	-	-	-	-	-
Erman bin Radin	102	-	153	-	183	-
Kon Ted Liuk	-	-	-	-	-	-

Notes:-

- Deemed interested by virtue of his interest in Central Paragon pursuant to Section 6A of the Act.
- Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn Bhd and his spouse's interest pursuant to Section 6A.
- Deemed interested by virtue of his child's interest pursuant to Section 134(12)(c) of the Act.
- Deemed interested by virtue of his interest in Central Paragon via Yek Min Ek Sdn Bhd pursuant to Section 6A of the Act.

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APPENDIX II – INFORMATION ON SCB (CONT'D)

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

5.1 *Details of Subsidiaries*

The particulars of our subsidiaries as at the LPD are as follows:-

Name of Subsidiary	Date/Place of incorporation	Issued and Paid-up Share Capital	Effective Equity Interest held by SCB (%)	Principal Activities
Universal Cable (Sarawak) Sdn Bhd	9 July 1980, Malaysia	RM15,000,000	100	Manufacture and sale of power cables and wires
Sarawak Power Solutions Sdn Bhd	22 October 2009, Malaysia	RM500,000	100	Dormant
Sarwaja Timur Sdn Bhd	23 August 1994, Malaysia	RM33,284,500	100	Manufacture, fabrication, hot-dip galvanising and sale of steel structures
Trenergy Infrastructure Sdn Bhd	6 November 1996, Malaysia	RM5,000,000	100	General contractors and infrastructure development
PT Inpola Mitra Elektrindo	22 April 2008, Indonesia	IDR 30,000,000,000	65	Designing, financing and construction of independent mini hydro power plant
<u>Held through Sarwaja Timur Sdn Bhd:</u>				
Sarwaja Engineering & Construction Sdn Bhd	23 August 1994, Malaysia	RM1,000,000	100	Undertake engineering and construction projects

5.2 *Details of Associated Companies*

We do not have any associated companies as at the LPD.

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APPENDIX II – INFORMATION ON SCB (CONT'D)

6. PROFIT AND DIVIDEND RECORD

A summary of the audited consolidated financial information of SCB for the FYE 31 December 2010 to 2012 and the unaudited consolidated financial information of SCB for the three (3) months FPE 31 March 2013 is as follows:-

RM'000	FYE 31 Dec 2010 (Audited)	FYE 31 Dec 2011 (Audited)	FYE 31 Dec 2012 (Audited)	FPE 31 March 2013 (Unaudited)
Revenue	129,525	368,310	268,578	58,510
Gross Profit	13,300	35,768	25,266	6,452
Gross Margin (%)	10.27	9.71	9.41	11.03
EBITDA	10,513	30,252	21,406	6,279
Other income	2,561	1,536	6,372	1,237
Finance costs	(273)	(671)	(1,761)	(709)
Share of results of an associate	-	-	-	-
PBT	7,926	24,287	9,712	1,726
Taxation	(1,612)	(4,932)	(3,872)	(448)
<u>PAT for the year/period attributable to:</u>				
- Owners of the Company	5,506	15,565	5,947	1,304
- Non-controlling interests	808	3,790	(107)	(26)
	6,314	19,355	5,840	1,278
Basic EPS (Sen) *	4.78	11.53	4.33	0.84
Diluted EPS (Sen) *	4.78	11.53	4.33	0.84

Note:-

* Based on weighted number of Shares for the respective FYE/FPE.

Commentaries on Past Performance**FYE 31 December 2010**

For the FYE 31 December 2010, our Group recorded a PAT of RM6.31 million on revenue of RM129.53 million compared to a PAT of RM8.10 million on revenue of RM89.80 million in FYE 31 December 2009. The PAT recorded in the FYE 31 December 2009 was higher compared to that recorded in FYE 31 December 2010 as there was an overall increase in gross profit margin for FYE 31 December 2009 due to higher sales of high voltage-bare conductors which generated higher margins.

APPENDIX II – INFORMATION ON SCB (CONT'D)

FYE 31 December 2011

For the FYE 31 December 2011, we recorded higher PAT of RM19.36 million and revenue of RM368.31 million as compared to the previous financial year. During the financial year, sales of cables and conductors segment were relatively stable. The growth in revenue and profitability was mainly contributed by new business operations under 75% owned STSB (which was acquired at the end of year 2010), namely sales of galvanised steel products and transmission tower segment and contract revenue segment which was also the largest profit and revenue driver for the year.

FYE 31 December 2012

For the FYE 31 December 2012, we reported revenue of RM268.58 million and PAT of RM5.84 million. Slow market demands for power cables and conductors coupled with the completion of contract projects during the financial year had resulted in drop in our revenue. In addition, integration costs (such as amortisation of intangible assets, increased depreciation on property, plant and equipment financing costs) arising from the acquisition of 100% interest in TISB and remaining 25% interest in STSB, which was partially mitigated by recovery of bad debts (RM3.14 million) had resulted in an overall decrease in the performance for FYE 31 December 2012.

Three (3) months FPE 31 March 2013

For the three (3) months FPE 31 March 2013, we recorded a PAT of RM1.28 million on revenue of RM58.51 million compared to a PAT of RM2.39 million on revenue of RM65.65 million for the three (3) months FPE 31 March 2012.

The decrease in revenue and profitability was mainly due to weaker market demand for products under the galvanised steel products and transmission towers segment and slow progress of our on-going contracts, increase in expenses due to amortisation of intangible assets and finance costs in the first quarter of 2013. Our Group remains positive that the financial performance will improve with our Group's development plans for the power transmission industry in 2013.

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APPENDIX II – INFORMATION ON SCB (CONT'D)

7. HISTORICAL SHARE PRICES OF SCB

The monthly highest and lowest closing share prices of SCB as traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

		High (RM)	Low (RM)
<u>Year 2012</u>	July	1.90	1.75
	August	1.76	1.58
	September	1.59	1.55
	October	1.83	1.54
	November	1.75	1.54
	December	1.67	1.53
	<u>Year 2013</u>	January	1.70
February		1.52	1.21
March		1.50	1.29
April		1.55	1.36
May		1.89	1.31
June		2.07	1.21

The last transacted price of SCB on Bursa Securities on 3 April 2013, being the last trading day prior to the date of the Announcement of the Proposals was RM1.46.

The last transacted price of SCB on Bursa Securities on LPD, being the latest practicable date before the issuance of this Abridged Prospectus was RM1.83.

The last transacted price of SCB on Bursa Securities on 1 July 2013, being the trading day immediately prior to the ex-date of the Rights Issue was RM1.66.

(Source: Bloomberg)

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Ernst & Young

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching

Jalan Tunku Abdul Rahman

93100 Kuching, Sarawak, Malaysia

Mail address: P.O. Box 64

93700 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared for inclusion in the Abridged Prospectus to the Shareholders in relation to the Rights Issue and Bonus Issue)

The Board of Directors
Sarawak Cable Berhad
Lot 767 Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching

26 June 2013

Dear Sirs

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN RELATION TO:

- I. RENOUNCEABLE RIGHTS ISSUE OF 77,625,000 NEW ORDINARY SHARES OF RM0.50 EACH ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH ("SHARES") HELD IN SARAWAK CABLE BERHAD ("SCB") ON THE ENTITLEMENT DATE ("RIGHTS ISSUE")
- II. BONUS ISSUE OF 46,575,000 NEW ORDINARY SHARES OF RM0.50 EACH ("BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY FIVE (5) EXISTING SHARES HELD IN SCB AFTER THE RIGHTS ISSUE AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("BONUS ISSUE")

(COLLECTIVELY KNOWN AS "THE PROPOSALS").

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position and the related notes of Sarawak Cable Berhad (the "Company" or "SCB") as at 31 December 2012 prepared by the Directors, as set out on Appendix II of the Abridged Prospectus to the Shareholders issued by the Company.

The pro forma consolidated statements of financial position are compiled by the Directors based on the applicable criteria as specified in the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission and the notes set out in Appendix A of this letter (which we have stamped for the purpose of identification). The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the events or transactions set out in Note 4 on the Company's financial position as at 31 December 2012.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion as required by the Securities Commission, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma consolidated statements of financial position included in a Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

**APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**



The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (i) the pro forma consolidated statements of financial position of the Company, which have been prepared by the directors of the Company, have been properly prepared on the basis of the notes set out in pages - 5 using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Company; and
- (ii) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

Other matters

This letter is issued for the sole purpose of complying with the the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission in connection with the Proposals. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposals described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposals.

Yours faithfully


Ernst & Young
AF: 0039
Chartered Accountants


Chin Mui Khiong Peter
No. 1881/03/14 (J)
Chartered Accountant

APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Sarawak Cable Berhad
(Incorporated in Malaysia)

Pro forma Consolidated Statements of Financial Position as at 31 December 2012

	Audited as at 31.12.2012 RM '000	Adjustment RM '000	After the Rights Issue RM '000	Adjustment RM '000	Pro forma I and the Bonus Issue RM '000	Adjustment RM '000	Pro forma II After Pro Forma II and utilisation of proceeds RM '000	Appendix A Pro forma III After Pro Forma II and utilisation of proceeds RM '000
ASSETS								
Non-current assets								
Property, plant and equipment	63,776		63,776		63,776		63,776	
Prepaid land lease payment	7,655		7,655		7,655		7,655	
Intangibles assets	33,239		33,239		33,239		33,239	
Deferred tax assets	687		687		687		687	
Long term receivables	9,612		9,612		9,612		9,612	
	<u>114,969</u>		<u>114,969</u>		<u>114,969</u>		<u>114,969</u>	
Current assets								
Inventories	40,834		40,834		40,834		40,834	
Trade and other receivables	93,695		93,695		93,695		93,695	
Other current assets	39,680		39,680		39,680		39,680	
Cash and bank balances	30,301	77,625	107,926		107,926	(11,000)	96,926	
	<u>204,510</u>		<u>282,135</u>		<u>282,135</u>		<u>271,135</u>	
Asset classified as held of sale	1,664		1,664		1,664		1,664	
	<u>206,174</u>		<u>283,799</u>		<u>283,799</u>		<u>272,799</u>	
TOTAL ASSETS	<u>321,143</u>		<u>398,768</u>		<u>398,768</u>		<u>387,768</u>	

ERNST & YOUNG
Chartered Accountants Kuching
For identification purposes only.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Sarawak Cable Berhad
(Incorporated in Malaysia)

Pro forma Consolidated Statements of Financial Position as at 31 December 2012

Appendix A

	Audited as at 31.12.2012 RM '000	Pro forma I		Adjustment RM '000	Rights Issue RM '000	Adjustment RM '000	Pro forma II		Adjustment RM '000	Pro forma III After Pro Forma II and utilisation of proceeds RM '000
		After the Rights Issue RM '000	Bonus Issue and the RM '000							
EQUITY AND LIABILITIES										
Non-current liabilities										
Borrowings	32,107	32,107					32,107			32,107
Deferred tax liabilities	7,880	7,880					7,880			7,880
	<u>39,987</u>	<u>39,987</u>					<u>39,987</u>			<u>39,987</u>
Current liabilities										
Borrowings	91,534	91,534					91,534	(10,000)		81,534
Trade and other payables	36,765	37,665		900	100		37,765	(1,000)		36,765
Other current liabilities	1,274	1,274					1,274			1,274
Tax payable	380	380					380			380
	<u>129,953</u>	<u>130,853</u>					<u>130,953</u>			<u>119,953</u>
Total liabilities	<u>169,940</u>	<u>170,840</u>					<u>170,940</u>			<u>159,940</u>

APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Sarawak Cable Berhad
(Incorporated in Malaysia)

Pro forma Consolidated Statements of Financial Position as at 31 December 2012

	Audited as at 31.12.2012 RM '000	Adjustment RM '000	After the Rights Issue RM '000	Pro forma I Pro forma I Adjustment RM '000	Pro forma II After Pro Forma I and the Bonus Issue RM '000	Adjustment RM '000	Pro forma III After Pro Forma II and utilisation of proceeds RM '000
Equity attributable to owners of parent							
Share capital	77,625	38,812	116,437	23,288	139,725		139,725
Reverse acquisition reserve	(37,300)		(37,300)		(37,300)		(37,300)
Share premium	31,783	37,913	69,696	(23,288)	46,408		46,408
Foreign exchange reserves	(314)		(314)		(314)		(314)
Revenue reserves	79,251		79,251	(100)	79,151		79,151
	151,045		227,770		227,670		227,670
Non-controlling interest	158		158		158		158
Total Equity	151,203		227,928		227,828		227,828
TOTAL EQUITY AND LIABILITIES	321,143		398,768		398,768		387,768
Net tangible assets ("NTA")	117,806		194,531		194,431		194,431
Net assets ("NA")	151,045		227,770		227,670		227,670
Number of SCB Shares in issue	155,250	77,625	232,875	46,575	279,450		279,450
NTA per SCB Share (RM)	0.76		0.84		0.70		0.70
NA per SCB Share (RM)	0.97		0.98		0.81		0.81
Total Borrowings	123,641		123,641		123,641		113,641
Gearing ratio	0.82		0.54		0.54		0.50

APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Sarawak Cable Berhad
(Incorporated in Malaysia)

Notes to Pro forma Consolidated Statements of Financial Position
As at 31 December 2012

Appendix A

1. Basis of preparation

- 1.1 The Pro Forma Consolidated Statements of Financial Position of SCB, for which the Directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the Consolidated Statements of Financial Position of SCB as at 31 December 2012 had the Rights Issue described in Note 2 and the Bonus Issue described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro Forma Consolidated Statements of Financial Position of SCB have been compiled using the audited consolidated financial statements of SCB as at 31 December 2012, which were prepared in accordance with Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and accounting policies of SCB.

1.2 Transaction costs for equity instruments

The transaction costs of an equity transaction are accounted for as a deduction from share premium to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The transaction costs for the Bonus Issue will be recognised in profit or loss.

2. The Rights Issue

The Rights Issue entails a renounceable issue of 77,625,000 Rights Shares at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing SCB Shares on the entitlement date.

3. The Bonus Issue

The Bonus Issue entails an issue of 46,575,000 Bonus Shares on the basis of one (1) Bonus Share for every five (5) existing SCB Shares held after the Rights Issue at an entitlement date to be determined later.

The Bonus Issue shall be wholly capitalised from SCB's share premium.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF SCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Sarawak Cable Berhad
(Incorporated in Malaysia)

Notes to Pro forma Consolidated Statements of Financial Position
As at 31 December 2012

Appendix A

4. The Pro forma Consolidated Statements of Financial Position

**4.1 Pro forma I
After the Rights Issue**

Pro Forma I incorporates the shares issued pursuant to the Rights Issue. The Rights Issue will involve the issuance of 77,625,000 Rights Shares at an issue price of RM1.00 per Rights Share, on the basis of one (1) Rights Share for every two (2) SCB Shares held, on the entitlement date.

The number of 77,625,000 Rights Shares was arrived at after taking into consideration the existing issued and paid-up share capital of SCB of RM77,625,000 comprising 155,250,00 shares.

The Rights Issue is expected to raise total gross proceeds of approximately RM77.63 million. The estimated expenses in relation to the Rights Issue amounting to RM900,000 will be deducted from the share premium received.

4.2 Pro forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Bonus Issue. The Bonus Issue will involve the issuance and allotment of 46,575,000 Bonus Shares, on the basis of one (1) Bonus Share for every five (5) SCB Shares held after the Rights Issue, at an entitlement date to be determined later.

The number of 46,575,000 Bonus Shares was arrived at after taking into account the enlarged issued and paid-up capital of the Company of RM116,437,500 comprising 232,875,000 SCB Shares after the completion of the Rights Issue.

The Bonus Issue shall be wholly capitalised from SCB's share premium reserve. The estimated expenses in relation to the Bonus Issue amounting to RM100,000 will be recognised in profit or loss.

4.3 Pro forma III

Pro Forma III incorporates the cumulative effects of Pro Forma I, Pro Forma II and the utilisation of the proceeds from the Rights Issue.

The proceeds from the Rights Issue by SCB will be utilised in the following manner:

	RM'000
Working capital and capital expenditure	66,625
Repayment of bank borrowings	10,000
Estimated expenses in relation to the Proposals	1,000

77,625

ERNST & YOUNG
Chartered Accountants Kuching
For identification purposes only.

5

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON**



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

**Audited Financial Statements
31 December 2012**

CERTIFIED TRUE COPY OF THE ORIGINAL

**ERNST & YOUNG (AF: 0039)
Chartered Accountants**

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Sarawak Cable Berhad
(Incorporated in Malaysia)**

Directors:	Dato Sri Mahmud Abu Bekir Taib Datuk Fong Joo Chung Dato' Seri H'ng Bok San Yek Siew Liong Toh Chee Ching Kevin How Kow Dato' Ahmad Redza bin Abdullah Erman bin Radin Kon Ted Liuk (Alternate director to Dato' Seri H'ng Bok San)
Secretaries:	Chai Chin Foh Voon Jan Moi
Registered office:	Lot 767, Block 8, Muara Tebas Land District Demak Laut Industrial Estate Phase III Jalan Bako 93050 Kuching, Sarawak
Auditors:	Ernst & Young
Principal bankers:	AmBank (M) Berhad Hong Leong Islamic Bank Berhad Kenanga Investment Bank Berhad RHB Bank Berhad

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APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Sarawak Cable Berhad
(Incorporated in Malaysia)**
Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activity

The principal activities of the Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	5,840	1,502
Profit attributable to:		
Owners of the parent	5,947	1,502
Non-controlling interests	(107)	-
	<u>5,840</u>	<u>1,502</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

Dividends

The amount of dividend paid by the Company since 31 December 2011 was as follows:

	RM'000
Interim single tier dividend of 2.5 sen per ordinary share on 135,000,000 ordinary shares declared on 21 November 2011 and paid on 5 January 2012	3,375
Final single tier dividend of 2.5 sen per ordinary share on 135,000,000 ordinary shares declared on 23 April 2012 and paid on 27 July 2012	3,375
	<u>6,750</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Sarawak Cable Berhad
(Incorporated in Malaysia)**

Directors' Report

Dividends (contd.)

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2012 of 2.5 sen per ordinary share on 155,250,000 ordinary shares, amounting to a dividend payable of RM3,881,250 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2013.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato Sri Mahmud Abu Bekir Taib
Datuk Fong Joo Chung
Dato' Seri H'ng Bok San
Yek Siew Liong
Toh Chee Ching
Kevin How Kow
Dato' Ahmad Redza bin Abdullah
Erman bin Radin
Kon Ted Liuk (Alternate director to Dato' Seri H'ng Bok San)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those disclosed in Note 32.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Sarawak Cable Berhad
(Incorporated in Malaysia)**

Directors' Report

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

Name of director	←Number of Ordinary Shares of RM0.50 Each→			
	1.1.2012	Acquired	Sold	31.12.2012
<i>Direct Interest:</i>				
<i>Ordinary shares of company</i>				
Dato Sri Mahmud Abu Bekir Taib	26,125,000	6,000,000	-	32,125,000
Datuk Fong Joo Chung	595,000	-	-	595,000
Dato' Seri H'ng Bok San	125,000	-	-	125,000
Yek Siew Liong	725,000	-	-	725,000
Toh Chee Ching	3,425,000	2,025,000	-	5,450,000
Erman bin Radin	126,800	-	-	126,800
<i>Deemed Interest:</i>				
<i>Ordinary shares of company</i>				
Dato Sri Mahmud Abu Bekir Taib	16,890,000	2,100,000	-	18,990,000 ¹
Dato' Seri H'ng Bok San	20,864,998	-	-	20,864,998 ²
Yek Siew Liong	16,890,000	2,100,000	-	18,990,000 ¹
Toh Chee Ching	300,000	430,000	-	730,000 ³

1 Deemed interested by virtue of their interests in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 ("the Act").

2 Deemed interested by virtue of his interest in Leader Universal Holdings Berhad and his son's shareholdings pursuant to Section 6A and Section 134(12)(c) of the Act respectively.

3 Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn. Bhd. and his spouse's interest pursuant to Section 6A and Section 134(12)(c) of the Act respectively.

By virtue of their interests in the Company, all the directors (except for Kevin How Kow, Dato' Ahmad Redza bin Abdullah, Kon Ted Liuk who do not have any interest in the Company or its related corporations) are also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

Issue of shares

During the financial year, the Company increased its:

- authorised ordinary share capital from RM100,000,000 to RM250,000,000 through the creation of 300,000,000 new ordinary shares of RM0.50 each; and
- issued and paid-up ordinary share capital from RM67,500,000 to RM77,625,000 by way of issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.52 per ordinary share and issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.69 per ordinary share for cash.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Sarawak Cable Berhad
(Incorporated in Malaysia)**

Directors' Report

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**Sarawak Cable Berhad
(Incorporated in Malaysia)**

Directors' Report

Other statutory information (contd.)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 18 and Note 37 to the financial statements.

Events occurring after the reporting date

Details of event occurring after the reporting date are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 APR 2013



Datuk Fong Joo Chung



Toh Chee Ching

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad
(Incorporated in Malaysia)

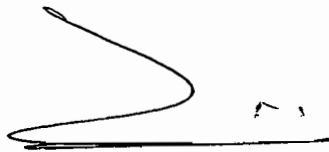
Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, **Datuk Fong Joo Chung** and **Toh Chee Ching**, being two of the directors of **Sarawak Cable Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 91 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 40 to the financial statements have been presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 APR 2013

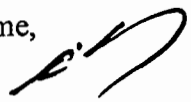

Datuk Fong Joo Chung

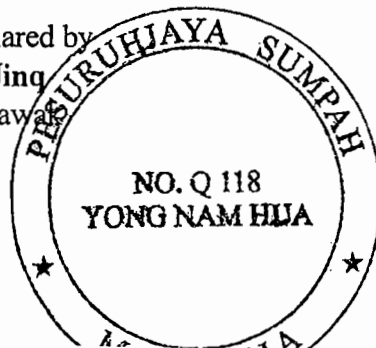

Toh Chee Ching


Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Teoh Wen Jinq**, being the officer primarily responsible for the financial management of **Sarawak Cable Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 92 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Teoh Wen Jinq**
at Kuching in the State of Sarawak
on 22 APR 2013

Before me,





Teoh Wen Jinq
1st Floor, Block B,
Lot 7898, Queen's Court,
Jalan Wan Alwi,
93350 Kuching



Ernst & Young

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching

Jalan Tunku Abdul Rahman

93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

**Independent Auditors' Report to the Members of
Sarawak Cable Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Sarawak Cable Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 91.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Independent Auditors' Report to the Members of
Sarawak Cable Berhad (contd.)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



Independent Auditors' Report to the Members of Sarawak Cable Berhad (contd.)

Other reporting responsibilities

The supplementary information set out in Note 40 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

- (1) As stated in Note 2.1 to the financial statements, Sarawak Cable Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We are not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.
- (2) This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized signature of the Ernst & Young firm, consisting of the letters 'EY' followed by a long horizontal line.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuching, Malaysia
Date: 22 APR 2013

A handwritten signature in black ink, appearing to read 'CHIN MUI KHIONG PETER'.

CHIN MUI KHIONG PETER
No. 1881/03/14 (J)
Chartered Accountant

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Sarawak Cable Berhad

**Statements of Comprehensive Income
For the financial year ended 31 December 2012**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	4	268,578	368,310	9,250	17,100
Cost of sales		(243,312)	(332,542)	-	-
Gross profit		25,266	35,768	9,250	17,100
Other items of income					
Interest income	5	1,108	105	38	72
Other income	6	6,372	1,536	-	-
Other items of expense					
Marketing and distribution		(3,711)	(3,500)	-	-
Administrative expenses		(12,759)	(8,391)	(5,918)	(3,786)
Finance costs	7	(1,761)	(671)	(714)	(265)
Other expenses		(4,803)	(560)	-	(3)
Profit before tax	8	9,712	24,287	2,656	13,118
Income tax expense	11	(3,872)	(4,932)	(1,154)	(87)
Profit for the year, net of tax		5,840	19,355	1,502	13,031
Other comprehensive income					
Exchange differences on translation of foreign operations		(314)	-	-	-
Total comprehensive income for the year		5,526	19,355	1,502	13,031
Profits attributable to:					
Owners of the Company		5,947	15,565	1,502	13,031
Non-controlling interests		(107)	3,790	-	-
		5,840	19,355	1,502	13,031

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Statements of Comprehensive Income
For the financial year ended 31 December 2012 (contd.)**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total comprehensive income attributable to:					
Owners of the Company		5,802	15,565	1,502	13,031
Non-controlling interests		(276)	3,790	-	-
		<u>5,526</u>	<u>19,355</u>	<u>1,502</u>	<u>13,031</u>
	Note	Group			
		2012	2011		
Earnings per share attributable to owner of the Company (sen per share):					
Basic	12(a)	<u>4.33</u>	<u>11.53</u>		
Diluted	12(a)	<u>4.33</u>	<u>11.53</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Sarawak Cable Berhad
Statements of Financial Position as at 31 December 2012**

	Note	← Group		→ As at		← Company		→ As at	
		2012	2011	1.1.2011	2012	2011	2012	1.1.2011	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS									
Non-current assets									
Property, plant and equipment	14	63,776	56,520	55,200	400	90	31		
Intangible assets	15	33,239	-	-	-	-	-	-	-
Prepaid land lease payment	16	7,655	7,867	9,008	-	-	-	-	-
Long term retention sum	21	9,612	-	-	-	-	-	-	-
Deferred tax assets	27	687	-	-	-	-	-	-	-
Investment in subsidiaries	18	-	-	-	164,248	82,130	82,130	82,130	
		<u>114,969</u>	<u>64,387</u>	<u>64,208</u>	<u>164,648</u>	<u>82,220</u>	<u>82,161</u>		
Current assets									
Inventories	19	40,834	32,333	30,960	-	-	-	-	-
Trade and other receivables	21	93,695	135,074	129,228	3,383	1,682	199		
Other current assets	22	39,680	30,715	6,569	1,536	7,529	-		
Tax recoverable		-	64	-	11	64	-		
Cash and bank balances	23	30,301	9,488	10,698	384	7,646	6,840		
		<u>204,510</u>	<u>207,674</u>	<u>177,455</u>	<u>5,314</u>	<u>16,921</u>	<u>7,039</u>		
Assets held for sale	17	<u>1,664</u>	<u>2,497</u>	-	-	-	-		
		<u>206,174</u>	<u>210,171</u>	<u>177,445</u>	<u>5,314</u>	<u>16,921</u>	<u>7,039</u>		
TOTAL ASSETS		<u>321,143</u>	<u>274,558</u>	<u>241,663</u>	<u>169,962</u>	<u>99,141</u>	<u>89,200</u>		

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Statements of Financial Position as at 31 December 2012 (contd.)

		← Group		→ As at		← Company		→ As at	
	Note	2012	2011	1.1.2011	2012	2011	2012	2011	1.1.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES									
Current liabilities									
Loans and borrowings	24	91,534	37,683	6,503	18,600	4,000	-	-	-
Trade and other payables	25	36,765	95,472	100,467	6,166	6,415	9,455	9,455	9,455
Other current liabilities	26	1,274	1,615	9,788	-	-	-	-	-
Income tax payable		380	990	1,195	-	-	-	-	-
		129,953	135,760	117,953	24,766	10,415	9,455	9,455	9,455
Net current assets/(liabilities)		76,221	74,411	59,492	(19,452)	6,506	(2,416)	(2,416)	(2,416)
Non-current liabilities									
Loans and borrowings	24	32,107	-	-	30,400	-	-	-	-
Deferred tax liabilities	27	7,880	5,964	5,892	-	-	-	-	-
		39,987	5,964	5,892	30,400	-	-	-	-
TOTAL LIABILITIES		169,940	141,724	123,845	55,166	10,415	9,455	9,455	9,455
Net assets		151,203	132,834	117,818	114,796	88,726	79,745	79,745	79,745

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Statements of Financial Position as at 31 December 2012 (contd.)

	Note	Group		As at		Company	
		2012	2011	1.1.2011	2012	2011	1.1.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (contd.)							
Equity attributable to owners of the Company							
Share capital	28	77,625	67,500	67,500	77,625	67,500	67,500
Reverse acquisition reserve		(37,300)	(37,300)	(37,300)	-	-	-
Share premium	28	31,783	10,590	10,590	31,783	10,590	10,590
Revenue reserves	30	79,251	79,035	65,862	5,388	10,636	1,655
Foreign currency translation reserves		(314)	-	-	-	-	-
		151,045	119,825	106,652	114,796	88,726	79,745
		158	13,009	11,166	-	-	-
Non-controlling interests							
TOTAL EQUITY		151,203	132,834	117,818	114,796	88,726	79,745
TOTAL EQUITY AND LIABILITIES		321,143	274,558	241,663	169,962	99,141	89,200

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Statements of Changes in Equity

For the financial year ended 31 December 2012

	Equity, total RM'000	Note	Attributable to owners of the Company						Revenue reserves (Note 30) RM'000	Non- controlling interests RM'000
			Equity attributable to Company, total RM'000	Share capital (Note 28) RM'000	Reverse acquisition reserve RM'000	Share premium (Note 28) RM'000	Revaluation reserves (Note 29) RM'000	Foreign currency translation reserves RM'000		
2012										
Group										
Opening balance at										
1 January 2012	132,834		119,825	67,500	(37,300)	10,590	452	78,583	13,009	
Effect of transition to MFRS	-		-	-	-	-	(452)	452	-	
As restated	132,834		119,825	67,500	(37,300)	10,590	-	79,035	13,009	
Total comprehensive income	5,526		5,633	-	-	-	-	5,947	(107)	
	138,360		125,458	67,500	(37,300)	10,590	-	84,982	12,902	
Transactions with owners:										
Acquisition of subsidiary	88		-	-	-	-	-	-	88	
Acquisition of remaining equity interest in a subsidiary	(11,313)	18	1,019	-	-	-	-	1,019	(12,332)	
Shares issued for cash	32,501		32,501	10,125	-	22,376	-	-	-	
Shares issuance expenses	(1,183)		(1,183)	-	-	(1,183)	-	-	-	
Dividends paid to non-controlling interest	(500)		-	-	-	-	-	-	(500)	
Dividends on ordinary shares	(6,750)	13	(6,750)	-	-	-	-	(6,750)	-	
Closing balance at										
31 December 2012	151,203		151,045	77,625	(37,300)	31,783	-	79,251	158	

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Statements of Changes in Equity

For the financial year ended 31 December 2012 (contd.)

2011 Group	Note	Equity, total RM'000	Attributable to owners of the Company					Revenue reserves (Note 30) RM'000	Non- controlling interests RM'000
			Equity attributable to owners of the Company, total RM'000	Share capital (Note 28) RM'000	Reverse acquisition reserve RM'000	Share premium (Note 28) RM'000	Revaluation reserves (Note 29) RM'000		
Opening balance at 1 January 2011		117,818	106,652	67,500	(37,300)	10,590	452	65,410	11,166
Effect of transition to MFRS		-	-	-	-	-	(452)	452	-
As restated		117,818	106,652	67,500	(37,300)	10,590	-	65,862	11,166
Total comprehensive income		19,355	15,565	-	-	-	-	15,565	3,790
		137,173	122,217	67,500	(37,300)	10,590	-	81,427	14,956
Transactions with owners:									
Adjustment on provisional amount		2,211	1,658	-	-	-	-	1,658	553
Dividends paid to non-controlling interest		(2,500)	-	-	-	-	-	-	(2,500)
Dividends on ordinary shares	13	(4,050)	(4,050)	-	-	-	-	(4,050)	-
Closing balance at 31 December 2011		132,834	119,825	67,500	(37,300)	10,590	-	79,035	13,009

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Statements of Changes in Equity
For the financial year ended 31 December 2012 (contd.)

	Note	Equity, total RM'000	Non-Distributable		Distributable
			Share capital (Note 28) RM'000	Share premium (Note 28) RM'000	Revenue reserves (Note 30) RM'000
2012					
Company					
Opening balance at 1 January 2012		88,726	67,500	10,590	10,636
Total comprehensive income		1,502	-	-	1,502
Transaction with owners:					
Shares issued for cash		32,501	10,125	22,376	-
Shares issuance expenses		(1,183)	-	(1,183)	-
Dividends on ordinary shares	13	(6,750)	-	-	(6,750)
Closing balance at 31 December 2012		<u>114,796</u>	<u>77,625</u>	<u>31,783</u>	<u>5,388</u>
Opening balance at 1 January 2011		79,745	67,500	10,590	1,655
Total comprehensive income		13,031	-	-	13,031
Transaction with owners:					
Dividends on ordinary shares	13	(4,050)	-	-	(4,050)
Closing balance at 31 December 2011		<u>88,726</u>	<u>67,500</u>	<u>10,590</u>	<u>10,636</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Sarawak Cable Berhad**Statements of Cash Flows****For the financial year ended 31 December 2012**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating activities					
Profit before tax		9,712	24,287	2,656	13,118
<u>Adjustments for:</u>					
Accretion of finance lease	8	(21)	-	-	-
Accretion of long term retention sum	8	(625)	-	-	-
Allowance for impairment loss of trade receivables	8	1,437	413	-	-
Amortisation of intangible assets	8	3,239	-	-	-
Amortisation of prepaid land lease payment	8	212	237	-	-
Bad debts written off	8	2	34	-	-
Depreciation of property, plant and equipment	8	6,482	5,057	50	9
Dividend income	4	-	-	(5,500)	(13,500)
Gain in disposal of assets held for sale	8	(97)	-	-	-
Gain on bargain purchase	6	(913)	-	-	-
(Gain)/loss on disposal of property, plant and equipment	8	(104)	5	-	3
Interest income	8	(1,108)	(105)	(38)	(72)
Interest expense	7	1,761	671	714	265
Inventories written off	8	261	1,043	-	-
Property, plant and equipment written off	8	-	22	-	-
Provision for inventories obsolescence	8	281	-	-	-
Reversal of allowance for impairment loss of trade receivables	6	(451)	(146)	-	-
Reversal of amortisation of trade payables	6	(455)	(221)	-	-
Unrealised loss on foreign exchange	8	2	4	-	-
Operating cash flows before working capital changes		<u>19,615</u>	<u>31,301</u>	<u>(2,118)</u>	<u>(177)</u>

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Sarawak Cable Berhad**Statements of Cash Flows****For the financial year ended 31 December 2012 (contd.)**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating cash flows before working capital changes (contd.)		19,615	31,301	(2,118)	(177)
Changes in working capital:					
Increase in deposits with licensed bank pledged for borrowings		475	-	-	-
Increase in inventories		(9,043)	(2,416)	-	-
Decrease/(increase) in trade and other receivables		107,750	(6,147)	(1,701)	(1,484)
(Increase)/decrease in other current assets		(8,965)	(24,146)	5,993	(7,529)
Decrease in trade and other payables		(94,317)	(2,568)	(510)	(3,040)
Decrease in other current liabilities		(18,180)	(8,172)	-	-
Total changes in working capital		(22,280)	(43,449)	3,782	(12,053)
Cash flows (used in)/from operations		(2,665)	(12,148)	1,664	(12,230)
Interest received		1,108	105	38	72
Interest paid		(1,761)	(671)	(453)	(265)
Income taxes paid		(4,956)	(5,129)	(101)	(150)
Net cash flows (used in)/from operating activities		(8,274)	(17,843)	1,148	(12,573)
Investing activities					
Acquisition of subsidiaries, net of cash outflows		(68,210)	-	(70,805)	-
Purchase of property, plant and equipment	14	(4,493)	(7,998)	(360)	(72)
Proceeds from disposal of property, plant and equipment		128	1	-	1
Proceeds from disposal of assets held for sale		930	-	-	-
Acquisition of non-controlling interests	18	(11,313)	-	(11,313)	-
Dividend received		-	-	4,500	13,500
Net cash (used in)/from investing activities		(82,958)	(7,997)	(77,978)	13,429
		- 19 -			
		- 63 -			

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Sarawak Cable Berhad**Statements of Cash Flows****For the financial year ended 31 December 2012 (contd.)**

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Financing activities					
Dividend paid on ordinary shares	13	(6,750)	(4,050)	(6,750)	(4,050)
Dividends paid to non-controlling interests		(500)	(2,500)	-	-
Share issuance expense	28	(1,183)	-	(1,183)	-
Proceeds from issuance of ordinary shares		32,501	-	32,501	-
Net proceeds from borrowings		71,182	31,180	45,000	4,000
Net cash from/ (used in) financing activities		<u>95,250</u>	<u>24,630</u>	<u>69,568</u>	<u>(50)</u>
Net increase/(decrease) in cash and cash equivalents		4,018	(1,210)	(7,262)	806
Cash and cash equivalents at 1 January		<u>9,488</u>	<u>10,698</u>	<u>7,646</u>	<u>6,840</u>
Cash and cash equivalents at 31 December	23	<u><u>13,506</u></u>	<u><u>9,488</u></u>	<u><u>384</u></u>	<u><u>7,646</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak.

The principal activities of the Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 1965 in Malaysia. These are the Group and the Company’s first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, has been applied. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards (“FRS”).

The financial statements of the Group and of the Company for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company’s registered office.

In preparing their opening MFRS Statements of Financial Position as at 1 January 2011 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out below. The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are set out in Note 2.2 to the financial statements. The transition from FRS to MFRS has not had a material impact on the statements of cash flows and total comprehensive income.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and the Company are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below. Accounting notes related to the statement of financial position as at the date of transition to MFRS are only presented for those items.

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3, Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisitions before date of transition

The Group has elected to apply MFRS 3 prospectively from 1 January 2011. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

(b) Property, plant and equipment (contd.)

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of buildings during the year 2007 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus for the Group of RM452,389 (1 January 2011: RM452,389; 31 December 2011: RM452,389) was transferred to revenue reserves on the date of transition.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

(d) The reconciliation of equity for comparative periods of equity at the date of transaction reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM'000	Property, plant and equipment RM'000	MFRS as at 1.1.2011 RM'000
Group			
Equity attributable to owners of the Company			
Share capital	67,500	-	67,500
Reverse acquisition reserve	(37,300)	-	(37,300)
Share premium	10,590	-	10,590
Revenue reserves	65,410	452	65,862
Revaluation reserves	452	(452)	-
	<u>106,652</u>	<u>-</u>	<u>106,652</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

(d) (ii) Reconciliation of equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	Property, plant and equipment RM'000	MFRS as at 31.12.2011 RM'000
Group			
Equity attributable to owners of the Company			
Share capital	67,500	-	67,500
Reverse acquisition reserve	(37,300)	-	(37,300)
Share premium	10,590	-	10,590
Revenue reserves	78,583	452	79,035
Revaluation reserves	452	(452)	-
	<u>119,825</u>	<u>-</u>	<u>119,825</u>

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRS effective for annual periods beginning on or after 1 July 2012

- MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS effective for annual periods beginning on or after 1 January 2013

- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investment in Associate and Joint Ventures
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities

MFRS effective for annual periods beginning on or after 1 January 2015

- MFRS 9 Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application. The nature of the impending changes in accounting policies and adoption of applicable standards are described below:

Annual periods beginning on or after 1 January 2013

- **Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income**

The amendments to MFRS 101 require changes to the presentation of other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The effective date of the standard is 1 July 2012. The Group and the Company have decided not to early adopt the amendments and expect that the adoption will only affect the presentation of the statements of comprehensive income.

- **Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities**

The amendments to MFRS 7 require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with IAS 32. The amendments to MFRS 7 are to be retrospectively applied for annual periods beginning on or after 1 January 2013. The amendments affect disclosures only and have no impact on the Group and the Company's financial position or performance.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2013 (contd.)

• **MFRS 10 Consolidated Financial Statements**

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

The adoption of MFRS 10 will not have impact on the Group's financial position and performances.

• **MFRS 12 Disclosures of Interests in Other Entities**

MFRS 12 includes all the disclosures that were previously in IAS 27, IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are added to the existing requirements such as the judgments made to determine whether it controls another entity. MFRS 12 is a disclosure standard and therefore will have no effect on profit or loss or equity of the Group.

• **MFRS 13 Fair Value Measurement**

MFRS 13 provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. The adoption of MFRS 13 will not affect the fair value of the assets and liabilities of the Group and the Company.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2013 (contd.)

• **MFRS 127 Separate Financial Statements**

As a consequence of the new MFRS 10 and MFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The adoption of the amendments will have no impact on the Group's financial position or performance.

• **MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)**

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

• **Annual Improvements 2009-2011 Cycle**

Amendments to MFRS 101: Presentation of Financial Statements

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2015

• **MFRS 9 Financial Instruments**

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

(iii) Transactions with non-controlling interests (contd.)

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.5 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.5 Foreign currency (contd.)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The costs of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.6 Property, plant and equipment (contd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings: over the remaining lease term of the land
- Motor vehicles: 5 years
- Plant and machinery: 5 to 20 years
- Office equipment: 5 to 6 years
- Furniture and fittings: 6 years
- Renovation: over the remaining lease term of the land

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Prepaid land lease payment

Prepaid land lease payment are initially measured at cost. Following initial recognition, prepaid land lease payment are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payment are amortised over their lease terms.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.9 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition, and the only category includes loans and receivables.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.10 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.12 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase costs on weighted average method
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

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**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(a) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowings costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowings of funds.

2.16 Employees benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.17 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.17 Leases (contd.)

(a) As lessee (contd.)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.18 Non-current assets held for sale and discontinued operation

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

2. Summary of significant accounting policies (contd.)

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Construction contracts

Revenue from construction contracts is accounted by the stage of completion method as mentioned in Note 2.12.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.20 Income taxes (contd.)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.20 Income taxes (contd.)

(b) Deferred tax (contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (contd.)

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

3. Significant accounting estimates (contd.)

3.1 Key sources of estimation uncertainty (contd.)

(a) Impairment of loans and receivables (contd.)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 21.

(b) Construction contracts

The Group recognises contract revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction contract costs. Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contract costs. In making the judgement, the Group relies on past experience and work of specialist.

4. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of cables and conductors	93,713	124,749	-	-
Manufacturing, fabrication, galvanising and sale of steel structure	58,735	55,704	-	-
Construction contract revenue	116,130	187,857	-	-
Dividend income from subsidiaries	-	-	5,500	13,500
Management fee	-	-	3,750	3,600
	<u>268,578</u>	<u>368,310</u>	<u>9,250</u>	<u>17,100</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

5. Interest income

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Short term deposits with licensed banks	368	105	38	72
Other interest income	740	-	-	-
	<u>1,108</u>	<u>105</u>	<u>38</u>	<u>72</u>

6. Other income

	Group	
	2012	2011
	RM'000	RM'000
Accretion of finance lease	21	-
Accretion of long term retention sum (Note 21)	625	-
Gain on bargain purchase (Note 18)	913	-
Gain on disposal of land held for sale	97	-
Gain on inventories	-	45
Insurance claim	148	142
Miscellaneous income	257	953
Net gain on disposal of property, plant and equipment	104	-
Realised gain on foreign exchange	2	-
Recovery of bad debts written off in prior year	3,144	-
Rental income	438	29
Reversal of allowance for impairment loss on trade receivables (Note 21)	451	146
Reversal of amortisation of trade payables	172	221
	<u>6,372</u>	<u>1,536</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

7. Finance costs

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loan interest	209	-	194	-
Revolving credits interest	635	5	265	-
Bankers' acceptances	1,439	666	5	28
Loans from subsidiary	-	-	250	237
Finance lease	42	-	-	-
	<u>2,325</u>	<u>671</u>	<u>714</u>	<u>265</u>
Total finance costs				
Less: Interest expenses capitalised in construction contract costs (Note 20)	(564)	-	-	-
	<u>1,761</u>	<u>671</u>	<u>714</u>	<u>265</u>

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audits	135	80	25	23
- under/(over) provision in previous year	11	(15)	5	(5)
- other services	458	30	458	30
Accretion of finance lease	(21)	-	-	-
Accretion of long term retention sum (Note 21)	(625)	-	-	-
Amortisation of intangible assets (Note 15)	3,239	-	-	-
Amortisation of trade payables	455	-	-	-
Allowance for impairment loss of trade receivables (Note 21)	1,437	413	-	-
Amortisation of prepaid land lease payment (Note 16)	212	237	-	-

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad**Notes to the Financial Statements**

For the financial year ended 31 December 2012

8. Profit before tax (contd.)

The following items have been included in arriving at profit before tax: (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	2	34	-	-
Depreciation of property, plant and equipment (Note 14)	6,482	5,057	50	9
Employee benefits expense (Note 9)	10,906	9,297	1,802	1,675
Gain on disposal of assets held for sale	(97)	-	-	-
Interest income	(1,108)	(105)	(38)	(72)
Inventories written off	261	1,043	-	-
(Gain)/loss on disposal of property, plant and equipment	(104)	5	-	3
Non-executive directors' remuneration (Note 10)	1,291	1,161	988	984
Property, plant and equipment written off	-	22	-	-
Provision for inventories obsolescence	281	-	-	-
Realised loss on foreign exchange	2	-	-	-
Rental expense	490	325	343	287
Reversal of allowance for impairment loss on trade receivables	(451)	-	-	-
Unrealised loss on foreign exchange	2	4	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9. Employee benefits expense

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	10,762	8,161	1,574	1,454
Contributions to defined contribution plan	1,324	1,029	223	217
Social security contributions	96	85	5	4
Other benefits	184	22	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,366	9,297	1,802	1,675
Less: construction contract cost (Note 20)	(1,460)	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	10,906	9,297	1,802	1,675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

9. Employee benefits expense (contd.)

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,249,720 (2011: RM1,134,560) and RM978,320 (2011: RM1,089,710) as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	1,024	957	843	955
Fees	226	178	135	135
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total executive directors' remuneration (Note 9)	1,250	1,135	978	1,090
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Non-executive:				
Fees	1,218	1,089	920	920
Other emoluments	73	72	68	64
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total non-executive directors' remuneration (Note 8)	1,291	1,161	988	984
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total directors' remuneration (Note 32(b))	2,541	2,296	1,966	2,074
Estimated money value of benefits-in-kind	28	24	28	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total directors' remuneration including benefits-in-kind	2,569	2,320	1,994	2,074
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad**Notes to the Financial Statements****For the financial year ended 31 December 2012****10. Directors' remuneration (contd.)**

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number of directors	
	2012	2011
Executive director:		
RM1,100,001 – RM 1,150,000	-	1
RM1,250,001 – RM 1,300,000	1	-
Non-Executive directors:		
Less than RM50,000	1	1
RM100,001 – RM150,000	3	4
RM150,001 – RM200,000	2	2
RM200,001 – RM250,000	1	1
RM300,001 – RM350,000	1	-

11. Income tax expense**Major components of income tax expense**

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Based on results for the year	5,888	4,750	1,129	71
- Under provision in respect of previous years	506	110	25	16
	<u>6,394</u>	<u>4,860</u>	<u>1,154</u>	<u>87</u>
Deferred income tax (Note 27):				
- Origination and reversal of temporary differences	(2,752)	350	-	-
- Under/(over) provision in respect of previous years	230	(278)	-	-
	<u>(2,522)</u>	<u>72</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>3,872</u>	<u>4,932</u>	<u>1,154</u>	<u>87</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

11. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Accounting profit before tax	9,712	24,287	2,656	13,118
Tax at Malaysian statutory tax rate 25% (2011: 25%)	2,428	6,072	664	3,280
Adjustments:				
Income not subject to tax	(33)	(875)	(375)	(3,375)
Non-deductible expenses	741	701	840	166
Utilisation of current year's reinvestment allowance	-	(798)	-	-
Under/(over) provision of deferred tax in respect of previous years	230	(278)	-	-
Under provision of income tax in respect of previous years	506	110	25	16
Income tax expense recognised in profit or loss	3,872	4,932	1,154	87

Income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

12. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2012	2011
Profit net of tax attributable to owners of the parent (RM'000)	5,947	15,565
Weighted average number of ordinary shares in issue ('000)	137,330	135,000
Basic earnings per share (RM) (sen per ordinary share)	4.33	11.53

(b) Diluted

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

13. Dividends

	Group and Company	
	2012	2011
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single tier dividend for 2011: 2.5 sen per ordinary share	3,375	-
- Final single tier dividend for 2011: 2.5 sen per ordinary share	3,375	-
- First and final single tier dividend for 2010: 3.0 sen per ordinary share	-	4,050
	6,750	4,050

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

13. Dividends (contd.)

	Group and Company	
	2012	2011
	RM'000	RM'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM		
- Final single tier dividend:		
2.5 sen (2011: 2.5 sen) per share	3,881	3,375

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2012 of 2.5 sen per ordinary share on 155,250,000 ordinary shares, amounting to a dividend payable of RM3,881,250 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2013.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad
Notes to the Financial Statements
For the financial year ended 31 December 2012

14. Property, plant and equipment	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Group Cost								
At 1 January 2011	37,012	1,909	26,665	931	396	155	426	67,494
Additions	1,016	970	3,867	323	84	7	1,731	7,998
Disposals	-	-	(3)	(48)	-	-	-	(51)
Written off	-	(264)	(391)	(39)	-	-	-	(694)
Transfer from capital work-in-progress	-	-	2,157	-	-	-	(2,157)	-
Reclassified to assets held for sale (Note 17)	(2,187)	-	-	-	-	(155)	-	(2,342)
At 31 December 2011	35,841	2,615	32,295	1,167	480	7	-	72,405
At 1 January 2012	35,841	2,615	32,295	1,167	480	7	-	72,405
Additions	229	1,771	1,386	406	27	314	360	4,493
Disposals	-	(154)	-	-	-	-	-	(154)
Acquisition of subsidiaries	-	4,772	11,124	774	298	-	912	17,880
Written off	-	(74)	(214)	-	(1)	-	-	(289)
At 31 December 2012	36,070	8,930	44,591	2,347	804	321	1,272	94,335

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

14. Property, plant and equipment (contd.)	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Group (contd.)								
Accumulated depreciation								
At 1 January 2011	1,803	796	9,104	396	177	18	-	12,294
Depreciation charge for the year (Note 8)	791	407	3,650	148	57	4	-	5,057
Disposals	-	-	(3)	(42)	-	-	-	(45)
Reclassified to assets held for sale (Note 17)	(727)	-	-	-	-	(22)	-	(749)
Written off	-	(264)	(369)	(39)	-	-	-	(672)
At 31 December 2011	<u>1,867</u>	<u>939</u>	<u>12,382</u>	<u>463</u>	<u>234</u>	<u>-</u>	<u>-</u>	<u>15,885</u>
At 1 January 2012	1,867	939	12,382	463	234	-	-	15,885
Depreciation charge for the year (Note 8)	751	1,037	4,326	276	92	-	-	6,482
Disposals	-	(130)	-	-	-	-	-	(130)
Acquisition of subsidiaries	-	1,760	6,271	445	135	-	-	8,611
Written off	-	(74)	(214)	-	(1)	-	-	(289)
At 31 December 2012	<u>2,618</u>	<u>3,532</u>	<u>22,765</u>	<u>1,184</u>	<u>460</u>	<u>-</u>	<u>-</u>	<u>30,559</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

14. Property, plant and equipment (contd.)	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Group (contd.)								
Net carrying amount								
At 31 December 2011	33,974	1,676	19,913	704	246	7	-	56,520
At 31 December 2012	33,452	5,398	21,826	1,163	344	321	1,272	63,776

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM4,494,182 of which RM559,000 were acquired by means of finance lease agreements. The carrying amount of motor vehicles of the Group held under finance leases at the reporting date was RM2,179,164 (2011: Nil).

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

14. Property, plant and equipment (contd.)	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
Company			
Cost			
At 1 January 2011	37	-	37
Additions	72	-	72
Disposals	(6)	-	(6)
At 31 December 2011	<u>103</u>	<u>-</u>	<u>103</u>
At 1 January 2012	103	-	103
Additions	9	351	360
At 31 December 2012	<u>112</u>	<u>351</u>	<u>463</u>
Accumulated depreciation			
At 1 January 2011	6	-	6
Depreciation charge for the year (Note 8)	9	-	9
Disposals	(2)	-	(2)
At 31 December 2011	<u>13</u>	<u>-</u>	<u>13</u>
At 1 January 2012	13	-	13
Depreciation charge for the year (Note 8)	17	33	50
At 31 December 2012	<u>30</u>	<u>33</u>	<u>63</u>
Net carrying amount			
At 31 December 2011	<u>90</u>	<u>-</u>	<u>90</u>
At 31 December 2012	<u>82</u>	<u>318</u>	<u>400</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

15. Intangible assets

	Goodwill RM'000	Construction contracts RM'000	Power purchase agreement RM'000	Total RM'000
Cost				
At 1 January 2012	-	-	-	-
Acquisition of subsidiaries (Note 18)	24,051	9,917	2,510	36,478
At 31 December 2012	24,051	9,917	2,510	36,478
Accumulated amortisation				
At 1 January 2012	-	-	-	-
Amortisation (Note 8)	-	3,239	-	3,239
At 31 December 2012	-	3,239	-	3,239
Net carrying amount				
At 31 December 2012	24,051	6,678	2,510	33,239
At 31 December 2011	-	-	-	-

Goodwill

Goodwill will be tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired.

The Group's impairment test for goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing indicators for impairment.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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Notes to the Financial Statements
For the financial year ended 31 December 2012

15. Intangible assets (contd.)

Goodwill (contd.)

The calculations of value-in-use are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency movements.

Pre-tax discount rates – Discount rates reflect the current market assessment of the risk. In determining appropriate discount rates, regard has been given to average growth rate for the relevant industry.

As at the current financial year, the management did not identify impairment for cash-generating unit to which goodwill is allocated.

Construction contracts

Construction contracts relate to contract revenue awarded that were acquired in business combination. The contracts awarded classified as intangible asset will be amortised based on the percentage of completion of the respective contracts.

Power purchase agreement

Power purchase agreement relates to an agreement whereby the customer who awards the holder of the agreement a guarantee that the customer will purchase power produced by the holder for a period of twenty (20) years. The amortisation period of twenty (20) years will commence when the plant is commissioned.

16. Prepaid land lease payment

	2012	Group 2011
	RM'000	RM'000
Cost		
At 1 January	8,232	9,798
Reclassified to assets held for sale	-	(1,566)
At 31 December	<u>8,232</u>	<u>8,232</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**Notes to the Financial Statements
For the financial year ended 31 December 2012**

16. Prepaid land lease payment (contd.)

	2012	Group
	RM'000	2011 RM'000
Accumulated amortisation		
At 1 January	365	790
Amortisation for the year (Note 8)	212	237
Reclassified to assets held for sale	-	(662)
	<u>577</u>	<u>365</u>
Net carrying amount	<u>7,655</u>	<u>7,867</u>
 Amount to be amortised:		
Not later than 1 year	211	137
Later than 1 year but not later than 5 years	844	548
Later than 5 years	<u>6,600</u>	<u>7,182</u>

Included in prepaid land lease payment of the Group leasehold land with a carrying amount of RM2,339,202 (2011: RM2,404,680) which are mortgaged to secure the Group's borrowings (Note 24).

17. Assets held for sale

	2012	Group
	RM'000	2011 RM'000
At 1 January	2,497	-
Reclassified from prepaid land lease payment	-	904
Reclassified from property, plant and equipment	-	1,593
Disposal	(833)	-
	<u>1,664</u>	<u>2,497</u>
 Analysed as:		
Property, plant and equipment	1,097	1,593
Prepaid land lease payment	567	904
	<u>1,664</u>	<u>2,497</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

18. Investment in subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	164,248	82,130

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest	
			2012 %	2011 %
Held by the Company:				
Universal Cable (Sarawak) Sdn. Bhd. *	Malaysia	Manufacture of and sale power cables and wires	100	100
Sarawak Power Solutions Sdn. Bhd. *	Malaysia	Dormant	51	51
Sarwaja Timur Sdn. Bhd. *	Malaysia	Manufacture, fabrication, galvanising and sale of steel structures	100	75
Trenergy Infrastructure Sdn. Bhd.*	Malaysia	General contractors and infrastructure development	100	-
PT. Inpola Mitra Elektrindo +	Indonesia	Designing, financing and construction of independent mini hydro power plant	65	-
Held through Sarwaja Timur Sdn. Bhd.:				
Sarwaja Engineering & Construction Sdn. Bhd. *	Malaysia	Undertake engineering and construction project	100	100

* Audited by Ernst & Young, Malaysia

+ Audited by a firm other than Ernst & Young

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries

(a) Acquisition of non-controlling interests in Sarwaja Timur Sdn. Bhd. (“STSB”)

During the financial year, the Company acquired an additional 25% equity interest in STSB for a total cash consideration of RM11.3 million. As a result of this acquisition, STSB became a wholly-owned subsidiary of the Company and the entire profits attributable to STSB were accounted with effect from 1 January 2012, by virtue of full management control obtained by the Company in STSB. The following summarise the effect of the change in the Group's ownership interest in STSB on the equity attributable to owners of the parent:

	RM'000
Consideration paid for acquisition of non-controlling interest	11,313
Decrease in equity attributable to non-controlling interest	(12,332)
	<hr/>
Increase in equity attributable to owners of the parent	1,019
	<hr/> <hr/>

(b) Acquisition of 65% equity interest in PT. Inpola Mitra Elektrindo (“IME”)

On 30 January 2012, the Company acquired 65% equity interest in IME. IME is a limited liability company duly established under the laws of the Republic of Indonesia, and having its registered office at Gedung Taluson Lt. 4, Jl. TP Soeroso No. 30, Menteng, Jakarta Pusat 10330, Indonesia.

IME was awarded a Power Purchase Agreement on 23 September 2010 by PT Perusahaan Listrik Negara (“PLN”) Persero to design, finance and construct a mini hydro power plant in the North Sumatra area. PLN will purchase the electricity generated for a period of twenty years. The construction is expected to commence in 2013 and completed by 2015.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries (contd.)

(b) Acquisition of 65% equity interest in PT. Inpola Mitra Elektrindo ("IME") (contd.)

The provisional fair values of the identifiable assets and liabilities of IME as at the date of acquisition were:

	RM'000
Assets	
Property, plant and equipment	912
Intangible asset (Note 15)	2,510
Deferred tax asset	794
Other receivables	2,590
Cash and bank balances	170
	<u>6,976</u>
Total identifiable net assets	6,976
Non-controlling interests measured at proportionate share of total identifiable net assets	(258)
Gain on bargain purchase (Note 6)	(913)
	<u>5,805</u>
Purchase consideration transferred	<u>5,805</u>
	<u>=====</u>
<u>Effect of acquisition of IME on cash flows</u>	
Cash paid	5,805
Less: Cash and cash equivalents of subsidiary acquired	(170)
	<u>5,635</u>
	<u>=====</u>

The transaction costs of RM102,300 have been expensed and are included in administrative expenses in profit or loss and are part of the operating cash flows in the statement of cash flows.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**Notes to the Financial Statements
For the financial year ended 31 December 2012**

18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries (contd.)

(c) Acquisition of the entire equity interest in Trenergy Infrastructure Sdn. Bhd. ("TISB")

On 3 August 2012, the Company entered into a Share Sale Agreement to acquire the entire equity interest in TISB, a company in the business of general contractors and infrastructure development. The acquisition of TISB is a strategic move by the Group to expand and complement its existing range of products and services in the power transmission and distribution industry from the supply and manufacture of power cables, wires and steel structures to the construction, installation and commissioning of power transmission and distribution lines by increasing its market presence and foothold in the power transmission industry.

The provisional fair values of the identifiable assets and liabilities of TISB as at the date of acquisition were:

	RM'000
Assets	
Property, plant and equipment	8,357
Intangible asset (Note 15)	9,917
Trade and other receivables	74,044
Tax recoverable	1,984
Cash and bank balances	18,827
	<u>113,129</u>
Liabilities	
Borrowings	13,929
Trade and other payables	36,063
Other current liabilities	17,839
Deferred tax liabilities	4,349
	<u>72,180</u>
Total identifiable net assets	40,949
Goodwill arising from acquisition (Note 15)	24,051
	<u>65,000</u>
Purchase consideration transferred	65,000
	=====

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
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18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries (contd.)

(c) Acquisition of the entire equity interest in Trenergy Infrastructure Sdn. Bhd. ("TISB") (contd.)

Cash and bank balances of TISB as at date of acquisition includes deposit with licensed banks amounted to RM16.4 million that were pledged to banks for borrowings granted. The deposit pledged are excluded from cash and cash equivalents of subsidiary acquired for the purpose of calculating effect of cash flows on the acquisition of TISB.

Effect of the acquisition of TISB on cash flows

	RM'000
Cash paid	65,000
Less: Cash and cash equivalents of subsidiary acquired	(2,425)
	<u>62,575</u>
	=====

From the date of acquisition, TISB has contributed RM 53.1 million of revenue and RM 3.8 million to the net profit before tax of the Group.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of TISB with those of the Group. None of the recognised goodwill is expected to be deductible for income tax purposes.

The transaction costs of RM 1.2 million incurred for the acquisition of an additional equity interest in STSB and the entire equity interest in TISB have been expensed and are included in administrative expenses in profit or loss and are part of the operating cash flows in the statement of cash flows.

19. Inventories

	Group	
	2012	2011
	RM'000	RM'000
Cost		
Trading products	64	39
Raw materials	14,467	12,195
Work-in-progress	7,895	7,686
Finished goods	18,408	12,413
	<u>40,834</u>	<u>32,333</u>
	=====	=====

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DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

20. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2012	2011
	RM'000	RM'000
Construction contract costs incurred to date	991,928	339,561
Attributable profits	93,287	26,021
	<u>1,085,215</u>	<u>365,582</u>
Less: Progress billings	(1,052,362)	(356,415)
	<u>32,853</u>	<u>9,167</u>
Presented as:		
Gross amount due from customers for contract (Note 22)	34,127	10,782
Gross amount due to customers for contract work (Note 26)	(1,274)	(1,615)
	<u>32,853</u>	<u>9,167</u>
Retention sums on construction contract included in trade receivables (Note 21)		
Current	45,245	26,719
Non-current	12,104	-
	<u>57,349</u>	<u>26,719</u>
The costs incurred to date on construction contracts include the following charges during the financial year:		
Interest expense (Note 7)	564	-
Rental expenses for building	15	-
Employee benefits expense (Note 9)	1,460	-
Depreciation of property, plant and equipment	516	-
	<u>564</u>	<u>-</u>

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Sarawak Cable Berhad

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21. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade receivables				
Third parties	48,739	108,338	-	-
Retention sums on contracts (Note 20)	45,245	26,719	-	-
	<u>93,984</u>	<u>135,057</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment	(3,793)	(1,847)	-	-
Trade receivables, net	<u>90,191</u>	<u>133,210</u>	<u>-</u>	<u>-</u>
Other receivables				
Refundable deposits	320	125	60	36
Other receivables	1,773	1,643	-	-
Down payments	-	96	-	-
Advanced payment to subcontractors	1,411	-	-	-
Amount due from subsidiaries	-	-	3,323	1,646
Other receivables, net	<u>3,504</u>	<u>1,864</u>	<u>3,383</u>	<u>1,682</u>
Total trade and other receivables (current)	<u>93,695</u>	<u>135,074</u>	<u>3,383</u>	<u>1,682</u>
Non-current				
Trade receivables				
Retention sum on contracts	12,104	-	-	-
Less: Allowance for impairment	(2,492)	-	-	-
Trade receivables, net	<u>9,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total trade and other receivables	<u>103,307</u>	<u>135,074</u>	<u>3,383</u>	<u>1,682</u>
Add: Cash and bank balances (Note 23)	<u>30,301</u>	<u>9,488</u>	<u>384</u>	<u>7,646</u>
Total loans and receivables	<u>133,608</u>	<u>144,562</u>	<u>3,767</u>	<u>9,328</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

21. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2011: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012	2011
	RM'000	RM'000
Neither past due nor impaired	31,656	29,304
1 to 30 days past due not impaired	7,982	34,396
31 to 60 days past due not impaired	6,260	15,206
61 to 90 days past due not impaired	4,222	10,045
91 to 120 days past due not impaired	8,608	3,504
More than 121 days past due not impaired	22,639	30,682
	49,711	93,833
Impaired	24,721	11,920
	106,088	135,057

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 75.8% (2011: 47.1%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM49,711,052 (2011: RM93,833,000) that are past due at the reporting date but not impaired and are unsecured in nature.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired		Collectively impaired		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables						
nominal amounts	4,174	1,182	20,547	10,738	24,721	11,920
Less: Allowance for impairment	(2,521)	(1,182)	(3,764)	(665)	(6,285)	(1,847)
	<u>1,653</u>	<u>-</u>	<u>16,783</u>	<u>10,073</u>	<u>18,436</u>	<u>10,073</u>

Movement in allowance accounts for trade receivables:

	Group	
	2012 RM'000	2011 RM'000
At 1 January	1,847	1,583
Acquisition of subsidiaries	4,095	-
Charge for the year (Note 8)	1,437	413
Reversal of allowance for impairment loss (Note 6)	(451)	(146)
Written off	(18)	(3)
Accretion of long term retention sum (Note 6)	(625)	-
At 31 December	<u>6,285</u>	<u>1,847</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

21. Trade and other receivables (contd.)

(b) Other receivables

Other receivables that are impaired

At the reporting date, the Group and the Company have not provided any allowance for impairment for the other receivables.

(c) Amount due from subsidiaries

Amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

22. Other current assets

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	5,553	19,933	1,536	7,529
Gross amount due from customers for contract work (Note 20)	34,127	10,782	-	-
	<u>39,680</u>	<u>30,715</u>	<u>1,536</u>	<u>7,529</u>

23. Cash and bank balances

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	10,511	7,949	384	6,607
Deposits with licensed banks	19,790	1,539	-	1,039
Cash and bank balances	<u>30,301</u>	<u>9,488</u>	<u>384</u>	<u>7,646</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

23. Cash and bank balances (contd.)

Deposits with licensed banks of the Group amounting to RM15,926,654 (2011: Nil) are pledged to banks for borrowings granted as referred in Note 24. The weighted average effective interest rates at the reporting date for the Group and the Company were 2.83% (2011: 2.75%) and 2.90% (2011: 2.90%) respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash in hand and at banks	10,511	7,949	384	6,607
Deposits with licensed banks	3,863	1,539	-	1,039
Borrowings - bank overdraft (Note 24)	(868)	-	-	-
	<u>13,506</u>	<u>9,488</u>	<u>384</u>	<u>7,646</u>

24. Loans and borrowings

	Maturity	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current					
Unsecured:					
Bankers' acceptances	2013	24,695	12,978	-	-
Revolving credit	2013	15,094	12,000	9,000	4,000
		<u>39,789</u>	<u>24,978</u>	<u>9,000</u>	<u>4,000</u>
Secured:					
Term loan	2013	9,600	-	9,600	-
Bankers' acceptances	2013	19,062	10,705	-	-
Revolving credit	2013	19,000	2,000	-	-
Obligations under finance lease (Note 31(b))	2013	685	-	-	-
Direct outward bill purchase	2013	2,530	-	-	-
Bank overdraft (Note 23)	2013	868	-	-	-
		<u>51,745</u>	<u>12,705</u>	<u>9,600</u>	<u>-</u>
Total current borrowings		<u>91,534</u>	<u>37,683</u>	<u>18,600</u>	<u>4,000</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

24. Loans and borrowings (contd.)

	Maturity	Group		Company	
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Non-current					
Secured:					
Obligations under finance lease (Note 31(b))		1,707	-	-	-
Term loan	2014	30,400	-	30,400	-
Total non-current borrowings		32,107	-	30,400	-
Total borrowings		123,641	37,683	49,000	4,000

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 5.67% p.a. (2011: 6.01%) per annum

Bank overdraft

The bank overdraft of the Group is secured by fixed deposit pledged amounting to RM300,000 as referred in Note 23.

Direct outward bills purchase

This direct outward bills purchase facility of the Group is secured by assignment of contract proceeds for the project undertaken which are accumulated in deposit with licensed bank as referred in Note 23.

Bankers' acceptances and revolving credit

Certain bankers' acceptances and revolving credit of the Group which are granted by AmBank (M) Berhad and Bank Kerjasama Rakyat Malaysia Berhad are secured by assignment of contract proceeds for the projects undertaken which are accumulated in deposits with licensed banks as referred to Note 23.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

24. Loans and borrowings (contd.)

Certain bankers' acceptances and revolving credit of the Group which are granted by RHB Bank Berhad are secured by:

- (i) first legal charge over the land as referred in Note 16 ;
- (ii) a debenture covering fixed and floating charge over present and future assets of the subsidiary; and
- (iii) corporate guarantee from the Company.

The term loan of the Company is secured by negative pledge over 25% equity interest in STSB and the entire equity interest in TISB.

The interest rates of the Group and of the Company at the reporting date are as follows:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Bank overdraft	8.10	8.10	-	-
Bankers' acceptances	3.56 - 4.30	3.26 - 4.25	-	-
Direct outward bills purchase	7.85 - 8.10	6.85	-	-
Revolving credit	4.40 - 4.90	4.30 - 4.70	4.40 - 4.69	4.41
Term loans	5.03 - 6.00	6.00	5.03	-

The remaining maturities of the borrowings as at 31 December are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
On demand or within 1 year	30,971	-	18,600	-
More than 1 year and less than 2 years	91,534	37,683	30,400	4,000
More than 2 years and less than 5 years	1,136	-	-	-
	<u>123,641</u>	<u>37,683</u>	<u>49,000</u>	<u>4,000</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

25. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Third parties	29,813	87,808	-	-
Other payables				
Accrued operating expenses	3,353	5,009	1,418	1,576
Other payables	3,599	2,224	430	46
Advance	-	431	-	-
Amount due to subsidiaries	-	-	4,318	4,793
	6,952	7,664	6,166	6,415
Total trade and other payables	36,765	95,472	6,166	6,415
Add: Loans and borrowings (Note 24)	123,641	37,683	49,000	4,000
Total financial liabilities carried at amortised cost	160,406	133,155	55,166	10,415

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 90 days (2011: 14 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2011: average term of 30 to 90 days).

(c) Amount due to subsidiaries

Included in amount due to a subsidiary are advances/loans from the subsidiary which bear interest between 3.47% to 4.26% (2011: 3.00% to 4.15%) per annum, having an average maturity of less than 12 months.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

26. Other current liabilities

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Gross amount due to customers for contract work (Note 20)	1,274	1,615	-	-
	<u>1,274</u>	<u>1,615</u>	<u>-</u>	<u>-</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

27. Deferred tax

Deferred income tax as at 31 December 2012 and 2011 relates to the following:

Group	As at	Recognised	As at	Acquisition	Recognised	Exchange	As at
	1 January 2011 RM'000	in profit or loss RM'000	31 December 2011 RM'000	of subsidiaries RM'000	in profit or loss RM'000	difference RM'000	31 December 2012 RM'000
Deferred tax liability:							
Property, plant and equipment	6,633	326	6,959	749	(533)	-	7,175
Construction contracts	-	-	-	4,632	(2,364)	-	2,268
Others	40	55	95	(9)	(22)	-	64
	<u>6,673</u>	<u>381</u>	<u>7,054</u>	<u>5,372</u>	<u>(2,919)</u>	<u>-</u>	<u>9,507</u>
Deferred tax asset:							
Allowance for impairment losses	(776)	72	(704)	(1,023)	150	-	(1,577)
Unutilised reinvestment allowance	-	(305)	(305)	-	305	-	-
Unutilised tax losses	-	-	-	(794)	(89)	196	(687)
Others	(5)	(76)	(81)	-	31	-	(50)
	<u>(781)</u>	<u>(309)</u>	<u>(1,090)</u>	<u>(1,817)</u>	<u>397</u>	<u>196</u>	<u>(2,314)</u>
	<u>5,892</u>	<u>72</u>	<u>5,964</u>	<u>3,555</u>	<u>(2,522)</u>	<u>196</u>	<u>7,193</u>

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APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

27. Deferred tax (contd.)

	Group	
	2012	2011
	RM'000	RM'000
Presented after appropriate offsetting as follows:		
Deferred tax asset	(687)	-
Deferred tax liability	7,880	5,964
	<u>7,193</u>	<u>5,964</u>

28. Share capital and share premium

(a) Share capital

Company	Number of Ordinary Shares of RM0.50 Each		Amount	
	2012	2011	2012	2011
	'000	'000	RM'000	RM'000
Authorised:				
At 1 January	200,000	200,000	100,000	100,000
Created during the year	300,000	-	150,000	-
At 31 December	<u>500,000</u>	<u>200,000</u>	<u>250,000</u>	<u>100,000</u>
Issued and fully paid:				
At 1 January	135,000	135,000	67,500	67,500
Issued during the year	20,250	-	10,125	-
At 31 December	<u>155,250</u>	<u>135,000</u>	<u>77,625</u>	<u>67,500</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad
**Notes to the Financial Statements
For the financial year ended 31 December 2012**

28. Share capital and share premium (contd.)**(a) Share capital (contd.)**

During the financial year, the Company increased its:

- (a) authorised ordinary share capital from RM100,000,000 to RM250,000,000 through the creation of 300,000,000 new ordinary shares of RM0.50 each; and
- (b) issued and paid-up ordinary share capital from RM67,500,000 to RM77,625,000 by way of issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.52 per ordinary share and issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.69 per ordinary share for cash.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Share premium

	2012 RM'000	2011 RM'000
At 1 January	10,590	10,590
Issue of 10,125,000 ordinary shares of RM0.50 each at an issue price of RM1.52 each	10,327	-
Issue of 10,125,000 ordinary shares of RM0.50 each at an issue price of RM1.69 each	12,049	-
Share issuance expense	(1,183)	-
	<hr/>	<hr/>
At 31 December	31,783	10,590
	<hr/> <hr/>	<hr/> <hr/>

29. Revaluation reserve

The revaluation reserve represents surplus arising from the revaluation of buildings. At the date of transition to MFRS or 1 January 2011, the Group elected to regard the revalued amount of certain building revalued in 2007 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM452,389 was transferred to revenue reserves on date of transition to MFRS.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

30. Revenue reserves

As at 31 December 2012 and 2011, the 108 balance of the Company is Nil. The Company may distribute dividends out of its entire revenue reserves under the single tier system.

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	240	153	240	-
Approved but not contracted for:				
Property, plant and equipment	13,468	9,993	5	-
	<u>13,708</u>	<u>10,146</u>	<u>245</u>	<u>-</u>

(b) Finance lease commitments

The Group has finance lease for motor vehicles (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	780	-
Later than 1 year but not later than 2 years	647	-
Later than 2 years but not later than 5 years	1,132	-
	<u>2,559</u>	<u>-</u>
Less: Amounts representing finance charges	(167)	-
	<u>2,392</u>	<u>-</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

31. Commitments (contd.)

(b) Finance lease commitments (contd.)

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows: (contd.)

	Group	
	2012	2011
	RM'000	RM'000
Present value payments:		
Not later than 1 year	685	-
Later than 1 year but not later than 2 years	571	-
Later than 2 years but not later than 5 years	1,136	-
	<hr/>	<hr/>
Present value of minimum lease payments	2,392	-
Less: Amounts due within 12 months (Note 24)	(685)	-
	<hr/>	<hr/>
Amount due after 12 months (Note 24)	<u>1,707</u>	<u>-</u>

32. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of cables, conductors and steel structures to:				
- Related companies	46,378	23,826	-	-
- A company related to a director	-	55,367	-	-
Transmission line contract revenue:				
- Related companies	64,575	161,378	-	-
Rental and interest paid to subsidiary	-	-	523	-

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

32. Related party transactions (contd.)

(a) Sale and purchase of goods and services (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest and rental income received from:				
- related company	34	-	-	-
Management fees received from:				
- Subsidiary	-	-	3,750	3,600
Purchase of raw materials from:				
- Related companies	65,983	47,523	-	-
Purchase of iron drums from:				
- Related companies	8	11	-	-
Provision of construction services to:				
- Related companies	52,952	-	-	-
- A company related to a director	25,111	141,437	-	-
Purchase of battery and tyre for vehicles and car rental:				
- A company related to a director	18	21	-	-
Rental expense paid to				
- A company related to a director	-	30	-	30
Contract fees paid to a related company	10,362	-	-	-
Consultancy fees paid to company related to a director	175	-	-	-

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

32. Related party transactions (contd.)

(a) Sale and purchase of goods and services (contd.)

Related companies:

These are subsidiaries and associates of major shareholders, namely, Sarawak Energy Berhad and Hng Capital Sdn. Bhd., excluding entities within the Group.

The related party transactions were entered into by the Group and the Company under mutually agreed terms.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employee benefits	3,412	4,136	1,497	2,388
Contributions to defined contribution plan	432	396	192	201
	<u>3,844</u>	<u>4,532</u>	<u>1,689</u>	<u>2,589</u>
	=====	=====	=====	=====
Included in the total key management personnel:				
Directors' remuneration (Note 10)	2,541	2,296	1,966	2,074
	<u>2,541</u>	<u>2,296</u>	<u>1,966</u>	<u>2,074</u>
	=====	=====	=====	=====

33. Fair value of financial instruments

The carrying amounts of the financial assets and liabilities approximate their fair value due to the relative short term maturity of these financial instruments.

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Notes to the Financial Statements For the financial year ended 31 December 2012

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting and do not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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**Notes to the Financial Statements
For the financial year ended 31 December 2012**

34. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.
- A nominal amount of RM15,225,000 (2011: RM10,000,000) relating to corporate guarantee provided by the Company to the banks on the subsidiaries bank loan.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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Notes to the Financial Statements
For the financial year ended 31 December 2012

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
At 31 December 2012				
Financial liabilities:				
Trade and other payables	35,152	1,671	-	36,823
Borrowings	103,696	33,388	-	137,084
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	138,848	35,059	-	173,907
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2011				
Financial liabilities:				
Trade and other payables	89,293	6,179	-	95,472
Borrowings	39,221	-	-	39,221
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	128,514	6,179	-	134,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2012				
Financial liabilities:				
Trade and other payables	6,166	-	-	6,166
Borrowings	20,842	31,682	-	52,524
	-----	-----	-----	-----
Total undiscounted financial liabilities	27,008	31,682	-	58,690
	=====	=====	=====	=====
At 31 December 2011				
Financial liabilities:				
Trade and other payables	6,415	-	-	6,415
Borrowings	4,176	-	-	4,176
	-----	-----	-----	-----
Total undiscounted financial liabilities	10,591	-	-	10,591
	=====	=====	=====	=====

(c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM516,674 and RM245,741 (2011: RM141,311 and RM15,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

34. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia (RM). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 5.4% (2011: 25.7%) of the Group's raw material purchases are denominated in foreign currencies. The Group's trade payable balances at the reporting date have similar exposures.

Sensitivity analysis is not disclosed because the Group and the Company have no significant net exposure to foreign currency risk as at the reporting date.

35. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 40%. The Group includes within net debt, borrowings less cash and bank balances. Capital includes equity.

As at reporting date, the Group and the Company are not subjected to externally imposed capital requirements.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements
For the financial year ended 31 December 2012

35. Capital Management (contd.)

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and borrowings	24	123,641	37,683	49,000	4,000
Less: Cash and bank balances	23	(30,301)	(9,488)	(384)	(7,646)
<i>Net debt</i>		<u>93,340</u>	<u>28,195</u>	<u>48,616</u>	<u>(3,646)</u>
Equity		<u>151,045</u>	<u>119,825</u>	<u>114,796</u>	<u>88,726</u>
<i>Total capital</i>		<u>151,045</u>	<u>119,825</u>	<u>114,796</u>	<u>88,726</u>
Capital and net debt		<u>244,385</u>	<u>148,020</u>	<u>163,412</u>	<u>85,080</u>
Gearing ratio		<u>38.2%</u>	<u>19.0%</u>	<u>29.8%</u>	<u>N/A</u>

36. Segmental information

The Group is organised into business units based on their products and services, and has four operating segments as follows:

- The sale of power cables and conductors segment supplies power cables and conductors components to consumers.
- The sale of galvanised steel products and transmission tower segment supplies galvanised steel products and transmission towers. It also offers galvanising services.
- The contract revenue segment involves supply, installation and commissioning of transmission line projects.
- The corporate segment is involved in Group-level corporate and management services.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

Notes to the Financial Statements

For the financial year ended 31 December 2012

36. Segmental information

	Sales of cables and conductors		Sales of galvanised products and transmission tower		Construction		Corporate		Elimination		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customers	93,713	123,487	58,735	56,966	116,130	187,857	-	-	-	-	268,578	368,310
Inter-segments sales	16,191	406	278	55	5,181	-	9,250	17,100	(17,561)	A	-	-
Total revenue	109,904	123,893	59,013	57,021	121,311	187,856	9,250	17,100	(17,561)		268,578	368,310
Results:												
Interest income	329	72	9	6	1,004	-	38	27	(272)	B	(1,108)	105
Dividend income	-	-	-	-	-	-	5,500	13,500	(5,500)	C	-	-
Depreciation and amortisation	(2,531)	(2,238)	(2,533)	(3,033)	(1,566)	-	(64)	(23)	-		(6,694)	(5,294)
Other non-cash expense	(1,194)	(19)	(415)	(1,477)	(7)	-	-	(3)	-	D	(1,616)	(1,476)
Segment profit/(loss)	3,706	6,687	4,122	11,582	7,426	9,575	(5,542)	(3,557)	-		9,712	24,287
Segment assets	124,548	152,645	91,756	111,404	133,287	-	12,262	17,372	(40,710)	E	321,143	274,558
Segment liabilities	49,543	76,296	40,208	61,875	65,594	-	55,155	10,416	(40,560)	F	169,940	141,724

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APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

36. Segmental information (contd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- A Inter-segment revenues are eliminated on consolidation.
- B Inter-segment interest income is eliminated on consolidation.
- C Inter-segment dividend income is eliminated on consolidation.
- D Other material non-cash expenses consist of the following item:

	2012 RM'000	2011 RM'000
Reversal of impairment loss on investment in subsidiary	-	23

- E The following item is added to/(deducted from) segment assets to arrive at total assets reported in the Group's statement of financial position:

	2012 RM'000	2011 RM'000
Inter-segment assets	(40,710)	(6,863)

- F The following items is added to/(deducted from) segment liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	2012 RM'000	2011 RM'000
Inter-segment liabilities	(40,560)	(6,863)

Sarawak Cable Berhad

**Notes to the Financial Statements
For the financial year ended 31 December 2012**

37. Significant events

During the year, the Company completed the following proposals:

- (i) Issue of 20,250,000 new ordinary shares of RM0.50 each as referred to in Note 28.
- (ii) Acquisition of the remaining 25 % equity interest in STSB as referred in Note 18 (a).
- (iii) Acquisition of 65% equity interest in IME as referred to in Note 18 (b).
- (iv) Acquisition of the entire equity interest in TISB. as referred to in Note 18 (c).

38. Event occurring after the reporting date

On 4 April 2013, the Company proposed the following proposals:

- (a) a renounceable rights issue of 77,625,000 new ordinary shares of RM0.50 each (“Rights Shares”) at an issue price of RM1.00 per Rights Share on the basis of one Rights Share for every two existing ordinary shares of RM0.50 held in the Company at an entitlement date to be determined later (“Proposed Rights Issue”); and
- (b) a bonus issue of 46,575,000 new shares (“Bonus Shares”) to be credited as fully paid-up on the basis of one Bonus Share for every five existing ordinary shares of RM0.50 held in the Company after the Proposed Rights Issue at an entitlement date to be determined later, after obtaining the approvals from all relevant authorities and shareholders of the Company.

As at the date of this report, the Company is still preparing the application to Bursa Malaysia Securities Berhad for the above proposals.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 22 April 2013.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SCB FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Sarawak Cable Berhad

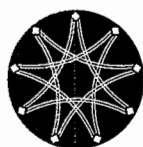
**Notes to the Financial Statements
For the financial year ended 31 December 2012**

40. Supplementary information - breakdown of revenue reserves into realised and unrealised profits

The breakdown of the revenue reserves of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total revenue reserves of the Company and its subsidiaries				
- Realised	114,005	84,454	5,388	10,636
- Unrealised	(4,821)	(2,484)	-	-
	<u>109,184</u>	<u>81,970</u>	<u>5,388</u>	<u>10,636</u>
Less: Consolidation adjustments	(29,933)	(2,935)	-	-
Revenue reserves as per financial statements	<u><u>79,251</u></u>	<u><u>79,035</u></u>	<u><u>5,388</u></u>	<u><u>10,636</u></u>

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013



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

CERTIFIED TRUE COPY

CHAI CHIN FOH
CHAI CHIN FOH
COMPANY SECRETARY
MIA 25916

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2013 RM'000	31.03.2012 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Revenue		58,510	65,654	58,510	65,654
Cost of sales		(52,058)	(60,385)	(52,058)	(60,385)
Gross profit		6,452	5,269	6,452	5,269
Other operating income		1,237	1,381	1,237	1,381
Administrative expenses		(3,308)	(1,932)	(3,308)	(1,932)
Other operating expenses		(1,946)	(1,229)	(1,946)	(1,229)
Operating profit		2,435	3,489	2,435	3,489
Finance costs		(709)	(403)	(709)	(403)
Profit before tax	6	1,726	3,086	1,726	3,086
Income tax expense	7	(448)	(696)	(448)	(696)
Profit for the period		1,278	2,390	1,278	2,390
Other comprehensive income		-	-	-	-
Exchange differences on translation of foreign operation		-	(231)	-	(231)
Other comprehensive income for the period, net of tax		-	(231)	-	(231)
Total comprehensive income for the period, net of tax		1,278	2,159	1,278	2,159
Profit for the period attributable to:					
Owners of the parent		1,304	1,936	1,304	1,936
Non-controlling interests		(26)	454	(26)	454
		1,278	2,390	1,278	2,390
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		1,304	1,705	1,304	1,705
Non-controlling interests		(26)	454	(26)	454
		1,278	2,159	1,278	2,159
Earnings per share attributable to owners of the parent (sen per share):					
Basic	8	0.84	1.26	0.84	1.26
Diluted	8	0.84	1.26	0.84	1.26

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

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

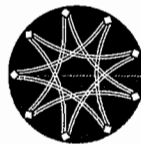
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.03.2013 RM'000	31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	62,141	63,776
Intangible assets	10	32,330	33,239
Prepaid land lease payment		7,595	7,655
Long term retention sum		7,358	9,612
Deferred tax assets		687	687
		<u>110,111</u>	<u>114,969</u>
Current assets			
Inventories		43,204	40,834
Trade and other receivables		98,630	93,695
Other current assets		31,408	39,680
Tax recoverable		132	-
Cash and bank balances	11	28,948	30,301
		<u>201,322</u>	<u>204,510</u>
Assets classified as held for sale		1,664	1,664
		<u>203,986</u>	<u>206,174</u>
TOTAL ASSETS		<u>314,097</u>	<u>321,143</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	12	86,258	91,534
Trade and other payables		38,694	36,765
Other current liabilities		228	1,274
Tax payable		494	380
		<u>125,674</u>	<u>129,953</u>
Net current assets		<u>78,312</u>	<u>76,221</u>
Non-current liabilities			
Loans and borrowings	12	28,332	32,107
Deferred tax liabilities		7,610	7,880
		<u>35,942</u>	<u>39,987</u>
Total liabilities		<u>161,616</u>	<u>169,940</u>
Net assets		<u>152,481</u>	<u>151,203</u>
Equity attributable to owners of the parent			
Share capital		77,625	77,625
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		31,783	31,783
Revenue reserves		80,555	79,251
Foreign currency translation reserve		(314)	(314)
		<u>152,349</u>	<u>151,045</u>
Non-controlling interests		132	158
Total equity		<u>152,481</u>	<u>151,203</u>
TOTAL EQUITY AND LIABILITIES		<u>314,097</u>	<u>321,143</u>
Net assets per share attributable to owners of the parent (sen)		98	97

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

APPENDIX V - UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

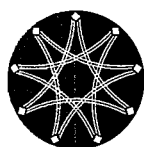
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity, total	Equity attributable to owners of the parent, total	Attributable to owners of the parent					Non- controlling interests RM'000
			Share capital RM'000	Reverse acquisition reserve RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Revenue reserves RM'000	
At 1 January 2012	132,834	119,825	67,500	(37,300)	10,590	-	79,035	13,009
Total comprehensive income	2,159	1,705	-	-	-	(231)	1,936	454
Transactions with owners								
Shares issued for cash	2,975	-	-	-	-	-	-	2,975
Acquisition of subsidiary companies	621	-	-	-	-	-	-	621
Dividends on ordinary shares	(3,375)	(3,375)	-	-	-	-	(3,375)	-
At 31 March 2012	135,214	118,155	67,500	(37,300)	10,590	(231)	77,596	17,059
At 1 January 2013	151,203	151,045	77,625	(37,300)	31,783	79,251	(314)	158
Total comprehensive income	1,278	1,304	-	-	-	1,304	-	(26)
At 31 March 2013	152,481	152,349	77,625	(37,300)	31,783	80,555	(314)	132

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

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date	Preceding year corresponding period
	31.03.2013	31.03.2012
	RM'000	RM'000
Note		
Operating activities		
Profit before tax	1,726	3,086
Adjustments for:		
Accretion of interest on finance lease	(13)	-
Accretion of long term retention sum	(375)	-
Amortisation of intangible assets	909	-
Amortisation of prepaid land lease payment	59	53
Amortisation of trade payables	54	-
Bad debts recovered	(6)	-
Depreciation of property, plant and equipment	2,822	1,366
Gain on disposal of property, plant and equipment	(52)	-
Interest expense	709	392
Interest income	(9)	(42)
Inventories written off	5	-
Reversal of allowance for impairment loss of trade receivables	(273)	(5)
Operating cash flows before working capital changes	5,556	4,850
Changes in working capital:		
Decrease in deposits with licensed bank pledged for borrowings	6,463	-
Increase in inventories	(2,375)	(1,038)
(Increase)/decrease in trade and other receivables	(2,027)	29,884
Decrease in other current assets	8,272	9,443
Increase/(decrease) in trade and other payables	1,876	(38,316)
Decrease in other current liabilities	(1,045)	(2,091)
Total changes in working capital	11,164	(2,118)
Cash from operations	16,720	2,732
Interest received	9	42
Interest paid	(709)	(392)
Income taxes paid	(736)	(1,614)
Net cash from operating activities	15,284	768
Investing activities		
Acquisition of subsidiary company, net of cash outflow	-	(983)
Purchase of property, plant and equipment	(1,323)	(1,505)
Proceeds from disposal of property, plant and equipment	188	-
Net cash used in investing activities	(1,135)	(2,488)

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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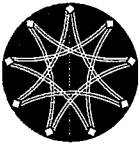
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current year to date	Preceding year corresponding period
	31.03.2013	31.03.2012
Note	RM'000	RM'000
Financing activities		
Dividend paid on ordinary shares	-	(3,375)
Proceeds from issuance of ordinary shares	-	2,975
Net proceeds from borrowings	(8,171)	3,454
Net cash (used in)/from financing activities	<u>(8,171)</u>	<u>3,054</u>
Net increase in cash and cash equivalents	5,978	1,334
Effects on exchange rate changes on cash and cash equivalents	-	(231)
Cash and cash equivalents at beginning of period	13,506	9,488
Cash and cash equivalents at end of period	<u>19,484</u>	<u>10,591</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	19,249	5,043
Deposit with licensed banks	235	5,548
Cash and cash equivalents	11 <u>19,484</u>	<u>10,491</u>

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

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

1. Corporate information

Sarawak Cable Berhad 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 27 May 2013.

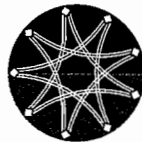
2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards (MFRS). The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012.

3. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

4. Segment information

	Sale of power cables and conductors		Sale of galvanised steel products and transmission tower		Contract revenue		Corporate		Adjustments/elimination		Per condensed consolidated financial statements	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	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												
Sales to external customers	17,871	18,308	6,542	22,883	34,097	24,463	-	-	-	-	58,510	65,654
Inter-segment sales	6,335	2	453	-	-	-	1,350	900	(8,138)	(902)	-	-
Total revenue	24,206	18,310	6,995	22,883	34,097	24,463	1,350	900	(8,138)	(902)	58,510	65,654
Segment profit/(loss) (Note A)	1,861	(67)	279	1,018	(260)	1,259	(154)	876	-	-	1,726	3,086

Note A

Segment profit/(loss) is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

	31 March 2013	31 March 2012
	RM'000	RM'000
Segment profit	2,512	3,560
Finance costs	(709)	(403)
Unallocated corporate expenses	(77)	(71)
Profit before tax	1,726	3,086

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

4. 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 sale of power cables and conductors segment supplies power cables and conductors components to consumers.
- (b) The sale of galvanised steel products and transmission tower segment supplies galvanised steel products and transmission towers. It also offers galvanising services.
- (c) The contract revenue segment involves supply, installation and commissioning of transmission line projects.
- (d) The corporate segment is involved in Group-level corporate and management services.

There have been no material changes in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Power cable and conductors

The sale of power cables and conductors segment contributed 31% (31 March 2012: 28%) of the revenue of the Group.

The operations for this segment are mainly concentrated in East Malaysia.

Although segment revenue of RM 17.9 million for the first quarter of 2013 decreased when compared to RM 18.3 million for the corresponding quarter in 2012, the segment profit of RM 1.9 million for the first quarter of 2013 has improved when compared to corresponding quarter of 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

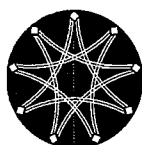
As the Group has strong market presence in East Malaysia, the Group remains positive that with our business strategies in place, the Group expects revenue and profits for this segment to improve.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 11% (31 March 2012: 35%) of the revenue of the Group and 16% (31 March 2012: 33%) of the operating profit of the Group.

The Group's subsidiary whose sales and services are in this segment, concentrates mainly in East Malaysia. The subsidiary is the leading and one of the established galvanisers in the State of Sarawak.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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(Incorporated in Malaysia)

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

4. Segment information (contd.)

Galvanised steel products and transmission tower (contd.)

Segment revenue of RM 6.5 million for the first quarter of 2013 declined when compared to RM 22.9 million for the corresponding quarter in 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

Operating profit for this segment of RM 0.3 million has decreased by 73% as compared to RM 1.0 million in the corresponding quarter of 2012.

Market demand for products under this segment has been relatively weak in the first quarter of 2013. However, the Group is confident and remains positive that demand for galvanised steel products and transmission tower will continue to improve in the coming months.

Contract revenue

The contract revenue segment is one of the Group’s main source of revenue, contributing 58% (31 March 2012: 37%) of the revenue of the Group.

Segment revenue of RM 34.1 million for the first quarter of 2013 increased when compared to RM 24.5 million for the corresponding quarter in 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

Segment results for first quarter of 2013 has declined mainly due to slow progress of each on-going contracts in the first quarter of 2013 and partly due to amortisation of intangible assets (construction contracts) of RM 0.9 million (see Note 10).

The Group remains positive that performance for this segment will continue to improve with the Group’s development plans for the power transmission industry, which includes expanding market coverage from the State of Sarawak to Peninsular Malaysia and to the State of Sabah.

Corporate

The corporate segment provides management services to its subsidiaries.

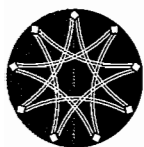
Consolidated profit before tax

The Group’s current quarter profit before tax of RM 1.7 million (31 March 2012: RM 3.1 million) has decreased by 44%.

Administrative and Other operating expenses have increased by 71% and 58% respectively compared to the corresponding quarter of 2012 principally due to amortisation of intangible assets (construction contracts) amounting to RM 0.9 million (see Note 10) and inclusion of expenses of a subsidiary which was acquired in the third quarter of 2012.

The main factors which have affected the current quarter’s profit before tax have been discussed above.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

5. Seasonality of operations

The Group's operations were not significantly affected by seasonal or cyclical factors.

6. Profit before tax

The following items have been included in arriving at profit before tax:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Accretion of finance lease	(13)	-	(13)	-
Accretion of long term retention sum	(375)	-	(375)	-
Amortisation of intangible assets	909	-	909	-
Amortisation of prepaid lease payment	59	53	59	53
Amortisation of trade payables	54	-	54	-
Bad debts recovered	(6)	-	(6)	-
Depreciation of property, plant and equipment	2,822	1,366	2,822	1,366
Gain on disposal of property, plant and equipment	(52)	-	(52)	-
Interest expense	709	392	709	392
Interest income	(9)	(42)	(9)	(42)
Inventories written off	5	-	5	-
Reversal of allowance for impairment loss of trade receivables	(273)	(5)	(273)	(5)

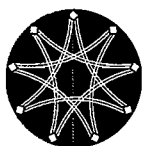
7. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Malaysian taxation				
Current year	716	673	716	673
Deferred tax	(268)	23	(268)	23
	<u>448</u>	<u>696</u>	<u>448</u>	<u>696</u>

The effective tax rate for the current interim period is slightly higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

The effective tax rate for the corresponding interim period ended 31 March 2012 was lower than the statutory tax rate due to utilisation of capital allowances.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

8. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company.

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current year quarter		Current year to date	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	1,304	1,705	1,304	1,705
Weighted average number of ordinary shares in issue ('000)	155,250	135,000	155,250	135,000
Basic earnings per share (sen per share)	0.84	1.26	0.84	1.26
Diluted earnings per share (sen per share)	0.84	1.26	0.84	1.26

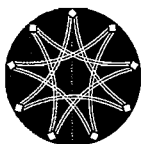
9. Property, plant and equipment

During the three months ended 31 March 2013, the Group acquired assets at the cost of RM1.3 million (31 March 2012: RM1.5 million).

10. Intangible assets

	Note	Goodwill	Construction contracts	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2012		-	-	-	-
Acquisition of subsidiary companies		24,051	9,917	2,510	36,478
At 31 December 2012		24,051	9,917	2,510	36,478
Accumulated amortisation:					
At 1 January 2012		-	-	-	-
Amortisation		-	3,239	-	3,239
At 31 December 2012		-	3,239	-	3,239
Amortisation	6	-	909	-	909
At 31 March 2013		-	4,148	-	4,148
Net carrying amount:					
At 31 December 2012		24,051	6,678	2,510	33,239
At 31 March 2013		24,051	5,769	2,510	32,330

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

10. Intangible assets (contd.)

Goodwill

Goodwill will be tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired.

The Group’s impairment test for goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing indicators for impairment.

The calculations of value-in-use are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency movements.

Pre-tax discount rates – Discount rates reflect the current market assessment of the risk. In determining appropriate discount rates, regard has been given to average growth rate for the relevant industry.

As at the current financial period, the management did not identify impairment for cash-generating unit to which goodwill is allocated.

Construction contracts

Construction contracts relate to contract revenue awarded that were acquired in business combination. The construction contracts classified as intangible asset will be amortised based on the percentage of completion of the respective contract.

Power purchase agreement

Power purchase agreement relates to an agreement whereby the customer who awarded the contract to the holder (namely, Pt. Inpola Mitra Elektrindo (“IME”), a subsidiary of the Company) guarantees that the customer will purchase power produced by IME for a period of twenty (20) years. The amortisation period of twenty (20) years will commence when the plant is commissioned.

11. Cash and cash equivalents

	31 March 2013 RM’000	31 December 2012 RM’000
Cash in hand and at banks	19,249	10,511
Deposit with licensed banks	9,699	19,790
Cash and bank balances	<u>28,948</u>	<u>30,301</u>

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

11. Cash and cash equivalents (contd.)

For the purpose of the statement of cash flow, cash and cash equivalents comprised the following amounts:

	31 March 2013 RM'000	31 December 2012 RM'000
Cash in hand and at banks	19,249	10,511
Deposit with licensed banks	235	3,863
Borrowings – bank overdraft	-	(868)
Total cash and cash equivalents	<u>19,484</u>	<u>13,506</u>

12. Interest-bearing loans and borrowings

	31 March 2013 RM'000	31 December 2012 RM'000
Short term borrowings		
Secured	45,853	39,789
Unsecured	40,405	51,745
	<u>86,258</u>	<u>91,534</u>
Long term borrowings		
Secured	<u>28,332</u>	<u>32,107</u>
	<u>114,590</u>	<u>123,641</u>

13. Dividends

Please refer to Note 23.

14. Commitments

	31 March 2012 RM'000	31 December 2011 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	1,014	240
Approved but not contracted for:		
Property, plant and equipment	9,199	13,468
	<u>10,213</u>	<u>13,708</u>

15. Contingencies

There were no contingencies as at the end of the current financial quarter.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

16. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three month period ended 31 March 2013 and 31 March 2012 as well as the balances with the related parties as at 31 March 2013 and 31 December 2012:

		March		March/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:					
Sarawak Energy Berhad	2013	2,997	-	30,990	-
	2012	21,720	-	36,497	-
Syarikat SESCO Berhad	2013	2,426	1	1,934	-
	2012	3,513	-	5,668	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2013	-	3,671	-	1,551
	2012	-	-	-	1,015
Leader Universal Aluminium Sdn. Bhd.	2013	-	2,270	-	181
	2012	-	755	-	987
Leader Cable Industrial Bhd	2013	-	4,160	-	4,160
	2012	-	-	-	-
Universal Cable (M) Berhad	2013	-	368	-	368
	2012	-	3,502	-	699
Austin Corp. (Malaysia) Sdn. Bhd.	2013	-	1,047	-	239
	2012	-	-	-	1,563

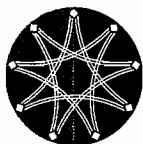
17. Review of performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note 4.

18. Comment on material change in profit before taxation

The profit before taxation for the quarter ended 31 March 2013 is 30% lower than the immediate preceding quarter mainly due to a slow start for all business segment of the Group in the current quarter as explained in Note 4.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

19. Commentary on prospects

Despite a slow start for year 2013, the Group believes that barring any unforeseen circumstances, with the Group's business strategies in place, the Group anticipates improving performance and growth in the coming months.

20. Profit forecast or profit guarantee

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

21. Corporate proposals

Status of corporate proposal – Proposed rights and bonus issue (“Proposals”)

On 4 April 2013, the Company made an announcement in relation to implementing the following:

- (a) a renounceable rights issue of 77,625,000 new ordinary shares of RM0.50 each ("**Rights Shares**") at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.50 each ("**Shares**") held in the Company at an entitlement date to be determined later after obtaining the approvals from all relevant authorities and shareholders of the Company ("**Proposed Rights Issue**"); and
- (b) a bonus issue of 46,575,000 new Shares ("**Bonus Shares**") to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) Shares held in the Company after the Proposed Rights Issue at an entitlement date to be determined later ("**Proposed Bonus Issue**").

On 6 May 2013, the Company submitted the additional listing application and draft circular to shareholders of the Company, in relation to the Proposals for Bursa Malaysia Securities Berhad ("**Bursa Securities**") for clearance.

The Company has obtained approval from Bursa Securities for the Proposals on 20 May 2013.

On 23 May 2013, the Company dispatched the circular to shareholder to seek shareholders' approval on the Proposals at an Extraordinary General Meeting to be convened on 17 June 2013.

The Proposals are currently on-going as at the date of this report.

22. Changes in material litigation

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

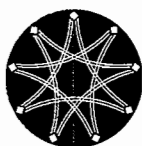
23. Dividends payable

The Board of Directors has proposed a first and final single tier dividend of 2.5 sen per ordinary share in respect of financial year ended 31 December 2012. If approved by the shareholders at the upcoming Annual General Meeting which will be held on 17 June 2013, the dividend will be paid on 26 July 2013 to shareholders whose name appear in the Record of Depository on 5 July 2013.

24. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

APPENDIX V – UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF SCB FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 (CONT'D)



SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

25. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2013 or the previous financial year ended 31 December 2012.

26. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2013 and 31 December 2012.

27. Breakdown of realised and unrealised profits or losses

The breakdown of the revenue reserves of the Group as at 31 March 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 24 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31 March 2013 RM'000	Previous financial year ended 31 December 2012 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	116,355	114,005
Unrealised	(5,080)	(4,821)
	<u>111,275</u>	<u>109,184</u>
Less: Consolidation adjustments	(30,720)	(29,933)
Revenue reserves as per financial statements	<u>80,555</u>	<u>79,251</u>

28. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

29. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 May 2013.

By order of the Board

Chai Chin Foh
Joint Company Secretary
27 May 2013

APPENDIX VI – DIRECTORS' REPORT



SARAWAK CABLE BERHAD
(Company No. 456400-V)

Lot 767	Industrial	93050
Block 8	Estate	Kuching
MTLD	Phase III	Sarawak
Demak Laut	Jalan Bako	Malaysia

T : +6 082 ~~236 000~~ ^{434 311}
F : +6 082 ~~237 999~~ ^{435 311}

26 JUN 2013

The Shareholders of
Sarawak Cable Berhad ("SCB" or the "Company")

Dear Sir / Madam

On behalf of the Board of Directors of SCB ("Board"), I wish to report that after making due enquiry by us in relation to the interval between the period from 31 December 2012 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("Group") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issuance of this Abridged Prospectus), that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen, since the last audited financial statements of SCB, which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by the Group;
- (e) since the last audited financial statements of SCB, there have been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of our Group which the Board is aware of; and
- (f) there have been no material change in the published reserves or any unusual factor affecting the profits of the Group since the last audited financial statements of SCB.

Yours faithfully
For and on behalf of the Board of
SARAWAK CABLE BERHAD

Toh Chee Ching
Group Managing Director/ Chief Executive Officer

APPENDIX VII – ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (a) Save for the Rights Shares and Bonus Shares to be issued pursuant to the Proposals, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.
- (b) As at the date of this Abridged Prospectus, there are no deferred shares or preference shares in the share capital of our Company. We have only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank equally in all aspects.
- (c) The Rights Shares and Bonus Shares, shall upon issuance and allotment, rank equally in all respects with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the issuance and allotment of the Rights Shares and Bonus Shares were made on or prior to the entitlement date of such dividend, rights, allotments and/or other distributions.
- (d) As at the date of this Abridged Prospectus, save for the Provisional Rights Shares allotted, no person has been or is entitled to be given an option to subscribe for any shares or stocks of our Company or our subsidiaries.
- (e) Save as disclosed in Section 2 of Appendix II of this Abridged Prospectus, no securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:-

Article 97 - Directors' Remuneration

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee; and
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

Article 98 - Remuneration of Director Holding Executive Office

The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

Article 99 - Reimbursement of Expenses

- (a) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board of Directors provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.

3. MATERIAL CONTRACTS

Save as disclosed below, our Board has confirmed that there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the two (2) years immediately preceding the date of this Abridged Prospectus:-

- (a) On 19 June 2013, SCB entered into the Underwriting Agreement with KIBB;
- (b) On 3 August 2012, SCB entered into a Share Sale Agreement with Austin Corp (Malaysia) Sdn Bhd to effect the acquisition of 8,321,125 shares in STSB, representing the remaining 25% equity interest in STSB not owned by SCB, for a purchase consideration of RM11.31 million satisfied wholly in cash. The acquisition was completed on 27 November 2012;
- (c) On 3 August 2012, SCB entered into a Share Sale Agreement with Dato Sri Mahmud, Clarion Power Sdn Bhd and Austin Corp (Malaysia) Sdn Bhd to effect the acquisition of 5,000,000 shares in TISB, representing the entire equity interest in TISB, for a purchase consideration of RM65.00 million satisfied wholly in cash. The acquisition was completed on 27 November 2012;

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (d) On 22 September 2011, SCB entered into a conditional shares sale and purchase agreement with Mr. Tiopan Hasudungan Marpaung, Mr. Parulian Marpaung, Mr Bayu Ardiyanto and Mr. Subari for the acquisition of 32,500 ordinary shares of Rupiah 100,000 each, representing 65% equity interest in IME, a limited liability company established under the laws of the Republic of Indonesia, for a purchase consideration of Rupiah 15,000,000 (Fifteen Billion Rupiah) to be satisfied wholly in cash. An Amended and Restated Conditional Sale and Purchase Agreement was entered into on 30 January 2012. The acquisition was completed on 30 January 2012;
- (e) On 8 August 2011, SCB entered into a Share Sale Agreement with Austin Corp (Malaysia) Sdn Bhd to effect the acquisition of 8,321,125 shares in STSB, representing the remaining 25% equity interest in STSB not owned by SCB, for a purchase consideration of RM11.02 million to be satisfied via the issuance of 5,199,530 new Shares at an issue price of RM2.12 per SCB Share. This agreement was terminated on 3 August 2012; and
- (f) On 8 August 2011, SCB entered a Share Sale Agreement with Dato Sri Mahmud and Austin Corp (Malaysia) Sdn Bhd to effect the acquisition of 3,250,000 shares in TISB, representing 65% equity interest in TISB, for a purchase consideration of RM24.25 million to be satisfied via the issuance of 11,533,020 new Shares at an issue price of RM2.12 per SCB share. This agreement was terminated on 3 August 2012.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of our Group and that our Board has no knowledge of any proceedings pending or threatened against our Group or of any other facts likely to give rise to any proceedings which might materially affect the position or business of our Group.

5. GENERAL

- (a) As at the LPD, there are no existing or proposed service contracts between our Group and our Directors, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year.
- (b) Save as disclosed in this Abridged Prospectus, as at the LPD, in connection with the financial condition and operations of our Group, there are no:-
 - (i) known trends or demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group other than in the ordinary course of business;
 - (ii) material commitments for capital expenditure;
 - (iii) unusual or infrequent events or transactions or any significant economic changes which materially affected the amount of reported income from operations of our Group other than in the ordinary course of business;
 - (iv) known trends or uncertainties which have had or will have, a material favourable or unfavourable impact on revenues or operating income; and
 - (v) substantial fluctuation in revenue.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

Save as disclosed in this Abridged Prospectus, our Board is not aware of any material information including special trade factors or risks which are not mentioned elsewhere and which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

6. DECLARATIONS OF CONFLICT OF INTEREST

6.1 Principal Adviser

KIBB has given its written confirmation that:-

- (a) SCB had accepted a credit facilities amounting to RM40 million by KIBB ("**Credit Facilities**") to part finance its acquisition of the remaining 25% interest in STSB and 100% interest in TISB for a cash purchase consideration of RM11.31 million and RM65.00 million respectively. The said acquisitions were completed on 27 November 2012;
- (b) Dato Sri Mahmud, Non-Independent Non-Executive Chairman and a substantial shareholder of SCB is also the Deputy Group Chairman and a substantial shareholder of Cahya Mata Sarawak Berhad ("**CMSB**"), which is a substantial shareholder of K&N Kenanga Holdings Bhd ("**K&N**"), the holding company of KIBB. Dato Sri Mahmud is also the brother-in-law of Datuk Syed Ahmad Alwee Alsree, the Deputy Chairman of K&N and a director of KIBB; and
- (c) Mr. Kevin How Kow, Independent Non-Executive Director of SCB is also the Independent Non-Executive Directors of CMSB, K&N and KIBB.

KIBB, in relation to its role as Principal Adviser for the Proposals, has considered the above factors involved and believes that its objectivity and independence in carrying out its role has been and will be maintained at all times for the following reasons:-

- (i) KIBB is a licensed investment bank and its appointment as Principal Adviser for the Proposals and the granting of the Credit Facilities are in the ordinary course of its business;
- (ii) the conducts of KIBB is regulated strictly by the *Capital Markets and Services Act 2007* and the *Financial Services Act 2013* and by its own internal policies, controls, checks and risk management;
- (iii) save for fees/underwriting commission/interest income derived/to be derived in the ordinary course of business of KIBB, KIBB will not be deriving any other monetary benefits from its appointment or from the outcome of the Proposals;
- (iv) SCB has allotted RM10 million of the proceeds to be raised from the Rights Issue for repayment of borrowings. The quantum (if any) set aside from the said proceed for repayment of the Credit Facilities will not be more than the percentage proportion based on the outstanding balance of the Credit Facilities against the total outstanding credit facilities of SCB Group;
- (v) the Rights Issue is a fund raising exercise providing all shareholders with proportional entitlement to subscribe for the Rights Shares on equal terms. In addition, all shareholders are proportionally entitled to the Bonus Shares based on their respective shareholdings; and

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (vi) the day-to-day operations of KIBB are managed by its Group Executive Committee led by KIBB's Managing Director. Datuk Syed Ahmad Alwee Alsree and Mr. Kevin How Kow are non-executive directors of KIBB and are not involved in the day-to-day operations and management of KIBB.

In view of the above, KIBB confirms that there is no conflict of interest in its capacity as Principal Adviser to SCB for the Proposals.

The Board of SCB is fully informed and is aware of the above and is agreeable (save for Dato Sri Mahmud and Mr. Kelvin How Kow who had abstained from all deliberations and voting) to proceed with the appointment of KIBB as Principal Adviser for the Proposals.

6.2 Due Diligence Solicitors

Wong Beh & Toh has given their written confirmation that they are not aware of any conflict of interest situation which exists or is likely to exist in its role as the Due Diligence Solicitors in relation to the Proposals.

6.3 Reporting Accountants

Ernst & Young has given their written confirmation that they are not aware of any conflict of interest situation which exists or is likely to exist in its role as the Reporting Accountants in relation to the Proposals.

7. CONSENTS

Our Principal Adviser and Underwriter, company secretaries, Due Diligence Solicitors, principal bankers and Share Registrar, being named in this Abridged Prospectus, do consent to act in that capacity. They have further confirmed that they have given and have not subsequently withdrawn their consent to the inclusion of their name, and all reference thereto, in the form and context in which they appear in this Abridged Prospectus.

The reporting accountants and auditors being named in this Abridged Prospectus, do consent to act in that capacity and have confirmed that they have not subsequently withdrawn their consent to the inclusion of their name, and all reference thereto, in the form and context in which it appears in this Abridged Prospectus and the Reporting Accountants' letter accompanying the Proforma Consolidated Statements of Financial Position of the Company as at 31 December 2012 and the Auditors' Report on the audited financial statements of SCB for the financial year ended 31 December 2012.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consents for the inclusion of its name and/or citation of the market data compiled by them, in the form and context in which they appear in this Abridged Prospectus.

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APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company during normal office hours on Monday to Friday (except public holidays) for the period of twelve (12) months from the date of this Abridged Prospectus:-

- (a) the Memorandum and Articles of Association of SCB;
- (b) the material contracts referred to in Section 3 of this Appendix;
- (c) the proforma consolidated statements of financial position of SCB as at 31 December 2012 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus;
- (d) our Directors' Report as set out in Appendix VI of this Abridged Prospectus;
- (e) the declarations of interest letter referred to in Section 6 of this Appendix and the letters of consent referred to in Section 7 of this Appendix;
- (f) the audited financial statements of SCB and our subsidiaries for the past two (2) FYE 31 December 2011 and 31 December 2012;
- (g) the unaudited quarterly results of SCB and our subsidiaries for the FPE 31 March 2013; and
- (h) The Undertaking Shareholders' Undertaking letters referred to in Section 3 of this Abridged Prospectus.

9. RESPONSIBILITY STATEMENTS

The Abridged Prospectus, together with its accompanying documents, have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy, correctness and completeness of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

KIBB, being the Principal Adviser and Underwriter for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

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