



SARAWAK CABLE BERHAD

(456400-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Revenue		65,654	83,659	65,654	83,659
Cost of sales		(60,385)	(76,105)	(60,385)	(76,105)
Gross profit		5,269	7,554	5,269	7,554
Other operating income		1,381	162	1,381	162
Administrative expenses		(1,932)	(1,236)	(1,932)	(1,236)
Other operating expenses		(1,229)	(1,064)	(1,229)	(1,064)
Operating profit		3,489	5,416	3,489	5,416
Finance costs		(403)	(76)	(403)	(76)
Profit before tax	8	3,086	5,340	3,086	5,340
Income tax expense	9	(696)	(1,255)	(696)	(1,255)
Profit for the period		2,390	4,085	2,390	4,085
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		2,159	4,085	2,159	4,085
Profit for the period attributable to:					
Owners of the parent		1,936	3,415	1,936	3,415
Non-controlling interests		454	670	454	670
		2,390	4,085	2,390	4,085
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		1,705	3,415	1,705	3,415
Non-controlling interests		454	670	454	670
		2,159	4,085	2,159	4,085
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	1.26	2.53	1.26	2.53
Diluted	10	1.26	2.53	1.26	2.53

The condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.03.2012 RM'000	31.12.2011 RM'000 (restated)	01.01.2011 RM'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	57,572	56,520	55,200
Land use rights		7,813	7,867	9,008
Intangible asset	12	2,450	-	-
Deferred tax asset		787	-	-
		<u>68,622</u>	<u>64,387</u>	<u>64,208</u>
Current assets				
Inventories		33,370	32,333	30,960
Trade and other receivables		105,195	135,074	129,228
Other current assets		21,273	30,715	6,569
Tax recoverable		134	64	-
Cash and bank balances	13	10,591	9,488	10,698
		<u>170,563</u>	<u>207,674</u>	<u>177,455</u>
Assets classified as held for sale		2,497	2,497	-
		<u>173,060</u>	<u>210,171</u>	<u>177,455</u>
TOTAL ASSETS		<u>241,682</u>	<u>274,558</u>	<u>241,663</u>
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	14	41,137	37,683	6,503
Trade and other payables		57,156	95,472	100,467
Other current liabilities		2,075	1,615	9,788
Tax payable		96	990	1,195
		<u>100,464</u>	<u>135,760</u>	<u>117,953</u>
Net current assets		<u>72,596</u>	<u>74,411</u>	<u>59,502</u>
Non-current liabilities				
Deferred tax liabilities		6,004	5,964	5,892
Total liabilities		<u>106,468</u>	<u>141,724</u>	<u>123,845</u>
Net assets		<u>135,214</u>	<u>132,834</u>	<u>117,818</u>
Equity attributable to owners of the parent				
Share capital		67,500	67,500	67,500
Reverse acquisition reserve		(37,300)	(37,300)	(37,300)
Share premium		10,590	10,590	10,590
Revenue reserves		77,596	79,035	65,862
Foreign currency translation reserve		(231)	-	-
		<u>118,115</u>	<u>119,825</u>	<u>106,652</u>
Non-controlling interests		17,059	13,009	11,166
Total equity		<u>135,214</u>	<u>132,834</u>	<u>117,818</u>
TOTAL EQUITY AND LIABILITIES		<u>241,682</u>	<u>274,558</u>	<u>241,663</u>
Net assets per share attributable to owners of the parent *(sen)		88	89	79

The condensed consolidated statements of financial position should be read in conjunction with the accompanying notes attached to the interim financial statements.

**Computed based on 135,000,000 (2011: 135,000,000) ordinary shares of RM0.50 each in the Company ("Shares").*



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Attributable to owners of the parent					Non- controlling interests RM'000	
				Share capital RM'000	Reverse acquisition reserve RM'000	Share premium RM'000	Revenue reserves RM'000	Foreign currency translation reserve RM'000		Non-distributable
At 1 January 2011		117,818	106,652	67,500	(37,300)	10,590	65,862	-	11,166	
Total comprehensive income		4,085	3,415	-	-	-	3,415	-	670	
At 31 March 2011		<u>121,903</u>	<u>110,067</u>	<u>67,500</u>	<u>(37,300)</u>	<u>10,590</u>	<u>69,277</u>	<u>-</u>	<u>11,836</u>	
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	-	-	-	1,936	(231)	454	
Transactions with owners										
Shares issued for cash		2,975	-	-	-	-	-	-	2,975	
Acquisition of subsidiary company	5	621	-	-	-	-	-	-	621	
Dividends on ordinary shares		(3,375)	(3,375)	-	-	-	(3,375)	-	-	
At 31 March 2012		<u>135,214</u>	<u>118,155</u>	<u>67,500</u>	<u>(37,300)</u>	<u>10,590</u>	<u>77,596</u>	<u>(231)</u>	<u>17,059</u>	

The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
 31 MARCH 2012**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date	Preceding year corresponding period
	31.03.2012	31.03.2011
	RM'000	RM'000
	Note	
Cash flows from operating activities		
Profit before tax	3,086	5,340
Adjustments for:		
Amortisation of land use rights	53	42
Depreciation of property, plant and equipment	1,366	1,199
Interest income	(42)	(26)
Interest expense	392	52
Inventories written off	-	40
Reversal of impairment loss on trade receivables	(5)	(31)
Operating cash flows before changes in working capital	<u>4,850</u>	<u>6,616</u>
Changes in working capital:		
(Increase)/decrease in inventories	(1,038)	4,760
Decrease/(increase) in trade and other receivables	29,884	(17,685)
Decrease/(increase) in other current assets	9,443	(117)
Decrease in trade and other payables	(38,316)	(1,261)
Decrease in other current liabilities	(2,091)	(722)
Total changes in working capital	<u>(2,118)</u>	<u>(15,025)</u>
Cash generated from/(used in) operations	2,732	(8,409)
Tax paid	(1,637)	(385)
Interest expense	(392)	(52)
Net cash generated from/(used in) operating activities	<u>703</u>	<u>(8,846)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,505)	(1,715)
Investment in subsidiary	(983)	-
Interest received	42	26
Net cash used in investing activities	<u>(2,446)</u>	<u>(1,689)</u>



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current year to date	Preceding year corresponding period
Note	31.03.2012 RM'000	31.03.2011 RM'000
Cash flows from financing activities		
Dividend paid on ordinary shares	(3,375)	-
Proceeds from issuance of ordinary shares	2,975	-
Proceeds from borrowings	3,454	9,276
Net cash generated from financing activities	<u>3,054</u>	<u>9,276</u>
Net increase/(decrease) in cash and cash equivalents		
Effects on exchange rate changes on cash and cash equivalents	(208)	-
Cash and cash equivalents at beginning of period	9,488	10,698
Cash and cash equivalents at end of period	<u><u>10,591</u></u>	<u><u>9,439</u></u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	5,043	4,094
Deposit with licensed banks	5,548	5,345
Cash and cash equivalents	<u>10,591</u>	<u>9,439</u>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012

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 21 May 2012.

2. First time adoption of MFRS

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate, Phase III, Jalan Bako, 93050 Kuching, Sarawak.

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has 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 in Note 3 below. These notes include reconciliations of equity and total comprehensive income 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. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. 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 2011 except as discussed below:



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3. Significant accounting policies and application of MFRS 1 (contd.)

(a) Business combination

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.

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

(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.

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 as at 31 December 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 RM452,000 (31 March 2011: RM452,000; 31 December 2011: RM452,000) was transferred to revenue reserves on date of transition of MFRS.

(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.

The reconciliations of equity and total comprehensive income 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 provided below:



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3. Significant accounting policies and application of MFRS 1 (contd.)

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 1 January 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	55,200		55,200
Land use rights	9,008		9,008
	<u>64,208</u>		<u>64,208</u>
Current assets			
Inventories	30,960		30,960
Trade and other receivables	129,228		129,228
Other current assets	6,569		6,569
Cash and bank balances	10,698		10,698
	<u>177,455</u>		<u>177,455</u>
TOTAL ASSETS	<u>241,663</u>		<u>241,663</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	6,503		6,503
Trade and other payables	100,467		100,467
Other current liabilities	9,788		9,788
Tax payable	1,195		1,195
	<u>117,953</u>		<u>117,953</u>
Net current assets	<u>59,502</u>		<u>59,502</u>
Non-current liabilities			
Deferred tax liabilities	5,892		5,892
Total liabilities	<u>123,845</u>		<u>123,845</u>
Net assets	<u>117,818</u>		<u>117,818</u>
Equity attributable to owners of the parent			
Share capital	67,500		67,500
Reverse acquisition reserve	(37,300)		(37,300)
Share premium	10,590		10,590
Revaluation reserve	452	(452)	-
Revenue reserves	65,410	452	65,862
	<u>106,652</u>		<u>106,652</u>
Non-controlling interests	11,166		11,166
Total equity	<u>117,818</u>		<u>117,818</u>
TOTAL EQUITY AND LIABILITIES	<u>241,663</u>		<u>241,663</u>



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3. Significant accounting policies and application of MFRS 1 (contd.)

(ii) Reconciliation of equity as at 31 March 2011

	FRS as at 31 March 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 31 March 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	55,718		55,718
Land use rights	8,963		8,963
	<u>64,681</u>		<u>64,681</u>
Current assets			
Inventories	26,160		26,160
Trade and other receivables	123,209		123,209
Other current assets	3,962		3,962
Cash and bank balances	9,439		9,439
	<u>162,770</u>		<u>162,770</u>
TOTAL ASSETS	<u>227,451</u>		<u>227,451</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	15,779		15,779
Trade and other payables	81,812		81,812
Tax payable	2,124		2,124
	<u>99,715</u>		<u>99,715</u>
Net current assets	<u>63,055</u>		<u>63,055</u>
Non-current liabilities			
Deferred tax liabilities	5,833		5,833
Total liabilities	<u>105,548</u>		<u>105,548</u>
Net assets	<u>121,903</u>		<u>121,903</u>
Equity attributable to owners of the parent			
Share capital	67,500		67,500
Reverse acquisition reserve	(37,300)		(37,300)
Share premium	10,590		10,590
Revaluation reserve	452	(452)	-
Revenue reserves	68,825	452	69,277
	<u>110,067</u>		<u>110,067</u>
Non-controlling interests	11,836		11,836
Total equity	<u>121,903</u>		<u>121,903</u>
TOTAL EQUITY AND LIABILITIES	<u>227,451</u>		<u>227,451</u>



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3. Significant accounting policies and application of MFRS 1 (contd.)

(iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 31 December 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	56,520		56,520
Land use rights	7,867		7,867
	<u>64,387</u>		<u>64,387</u>
Current assets			
Inventories	32,333		32,333
Trade and other receivables	135,074		135,074
Other current assets	30,715		30,715
Tax recoverable	64		64
Cash and bank balances	9,488		9,488
	<u>207,674</u>		<u>207,674</u>
Assets classified as held for sale	2,497		2,497
	<u>210,171</u>		<u>210,171</u>
TOTAL ASSETS	<u>274,558</u>		<u>274,558</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	37,683		37,683
Trade and other payables	95,472		95,472
Other current liabilities	1,615		1,615
Tax payable	990		990
	<u>135,760</u>		<u>135,760</u>
Net current assets	<u>74,411</u>		<u>74,411</u>
Non-current liabilities			
Deferred tax liabilities	5,964		5,964
Total liabilities	<u>141,724</u>		<u>141,724</u>
Net assets	<u>132,834</u>		<u>132,834</u>
Equity attributable to owners of the parent			
Share capital	67,500		67,500
Reverse acquisition reserve	(37,300)		(37,300)
Share premium	10,590		10,590
Revaluation reserve	452	(452)	-
Revenue reserves	78,583	452	79,035
	<u>119,825</u>		<u>119,825</u>
Non-controlling interests	13,009		13,009
Total equity	<u>132,834</u>		<u>132,834</u>
TOTAL EQUITY AND LIABILITIES	<u>274,558</u>		<u>274,558</u>



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4. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5. Changes in composition of the Group

On 30 January 2012, the Group acquired 65% equity interest in Pt. Inpola Mitra Elektrindo (“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. The construction is expected to commence in 2012 and completed by 2014.

The on-going billing of electricity purchased by PLN upon the completion of the construction, for a period of twenty (20) years with renewable concession will contribute positively to the Group’s revenue and profit would therefore enhance future growth potential and earnings of the Group.

The acquisition has been accounted for using the acquisition method. The condensed consolidated interim financial statements include the results of IME for the two-month period from the date of acquisition.

The provisional fair value of the identifiable assets and liabilities of IME as at the date of acquisition was:

	Fair value recognised on acquisition RM’000
Assets	
Property, plant and equipment	911
Intangible asset	2,450
Deferred tax asset	793
Cash and cash equivalents	170
	<u>4,324</u>
Liabilities	
Other current liabilities	<u>(2,550)</u>
Net identifiable assets	1,774
Non-controlling interests	<u>(621)</u>
Purchase consideration transferred	<u>1,153</u>
Analysis of cash flows on acquisition:	
Net cash acquired	170
Cash paid	<u>(1,153)</u>
New cash outflow	<u>(983)</u>

The transaction costs of RM102,300 have been expensed and are included in administrative expenses in the statement of comprehensive income and are part of the operating cash flows in the statement of cash flow.



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6. Segment information

	Sales of power cables and conductors		Sales of galvanised steel products and transmission tower		Contract revenue		Corporate		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 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	RM'000	RM'000
Revenue														
External customers	18,309	36,293	22,882	7,958	24,463	39,408	-	-	65,654	83,659	-	-	65,654	83,659
Inter-segment	2	-	-	-	-	-	900	-	902	-	(902)	-	-	-
Total revenue	18,311	36,293	22,882	7,958	24,463	39,408	900	-	66,556	83,659	(902)	-	65,654	83,659
Segment profit (Note A)	25	1,816	868	1,010	1,259	2,619	934	(105)	3,086	5,340	-	-	3,086	5,340

Note A

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

	31 March 2012	31 March 2011
	RM'000	RM'000
Segment profit	3,560	5,521
Finance costs	(403)	(76)
Unallocated corporate expenses	(71)	(105)
Profit before tax	3,086	5,340



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

6. Segment information (contd.)

The Group is organised into business units based on their products and services, and has four operating segments as follows:

- (a) The sales of power cables and conductors segment supplies of power cables and conductors components to consumers.
- (b) The sales 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 has 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 28% (31 March 2011: 43%) of the revenue of the Group and 1% (31 March 2011: 34%) of the operating profit of the Group.

The operations for this segment are mainly concentrated in East Malaysia.

The lower demand in power cables and conductors has led to a decrease in sales of power cables and conductors for the first quarter ended 31 March 2012. The demand for power cables and conductors, however, continue to be encouraging.

Segment revenue of RM 18.3 million for the first quarter of 2012 declined when compared to RM 36.3 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

The decline in revenue has adversely affected the operating profit for this segment of RM 0.025 million as compared to RM 1.8 million in the corresponding quarter of 2011.

Despite the setback in sales this quarter, the Group remains positive as the Group has a strong market presence in East Malaysia. The Group believes that the economy is strengthening gradually and with our business strategies in place, the Group expects revenue and operating profits for this segment to improve in the coming months.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 34% (31 March 2011: 10%) of the revenue of the Group and 28% (31 March 2011: 19%) 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 (1) of the established galvanisers in the State of Sarawak.



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6. Segment information (contd.)

Galvanised steel products and transmission tower (contd.)

Segment revenue of RM 22.9 million for the first quarter of 2012 increased by 188% when compared to RM 7.9 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

The increase in demand for galvanised steel products and transmission tower has improved the performance in this segment. The Group remains positive that the demand for galvanised steel products and transmission tower will continue to improve.

Operating profit for this segment of RM 0.9 million has decreased by 14% as compared to RM 1.0 million in the corresponding quarter of 2011.

The Group is confident that as the Group’s business strategies is in place, the performance from this segment will improve in the coming months.

Contract revenue

The contract revenue segment is one of the Group’s main source of revenue and operating profit, contributing 37% (31 March 2011: 47%) of the revenue of the Group and 41% (31 March 2011: 49%) of the operating profit of the Group.

Segment revenue of RM 24.5 million for the first quarter of 2012 declined when compared to RM 39.4 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

The decrease in revenue is mainly because major on-going projects are near completion stage. However, the Group expects to participate in the State Government of Sarawak’s aspiration to develop Sarawak under the Government Transformation Programme (“GTP”) and Sarawak Corridor of Renewable Energy (“SCORE”).

The decline in revenue has slightly affected the operating profit for this segment of RM 1.3 million as compared to RM 2.6 million in the corresponding quarter of 2011.

Corporate

The corporate segment provides management services to its subsidiaries.

Consolidated profit before tax

The Group’s current quarter profit before tax of RM 3.1 million (31 March 2011: RM 5.3 million) has declined by 42.2%.

Finance costs have increased by 430.3% compared to the corresponding quarter of 2011 due to borrowings to meet working capital requirements. The Group has always been timely in meeting its repayment obligations on its borrowings.

The main factors which have affected the current quarter’s profit before tax have been discussed above.



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7. Seasonality of operations

The Group's operations were not significantly affected by seasonal or cyclical factors.

8. Profit before tax

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Interest income	(42)	(26)	(42)	(26)
Interest expense	392	52	392	52
Depreciation of property, plant and equipment	1,366	1,199	1,366	1,199
Amortisation of land use rights	53	42	53	42
Impairment loss on trade receivables	238	246	238	246
Inventories written off	-	40	-	40

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Malaysian taxation Current year	673	1,314	673	1,314
Deferred tax	<u>23</u>	<u>(59)</u>	<u>23</u>	<u>(59)</u>
	<u>696</u>	<u>1,255</u>	<u>696</u>	<u>1,255</u>

The effective tax rate for the current interim period and corresponding interim period ended 31 March 2011 is lower than the statutory tax rate principally due to utilisation of current year capital allowances.

10. 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.



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10. Earnings per share (contd.)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter 3 months ended		Current quarter 3 months ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	1,705	3,415	1,705	3,415
Weighted average number of ordinary shares in issue ('000)	135,000	135,000	135,000	135,000
Basic earnings per share (sen per share)	1.26	2.53	1.26	2.53
Diluted earnings per share (sen per share)	1.26	2.53	1.26	2.53

11. Property, plant and equipment

During the three months ended 31 March 2012, the Group acquired assets at the cost of RM578,823 (31 March 2011: RM1,702,565), excluding property, plant and equipment acquired through a business combination (see Note 5).

12. Intangible asset

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.

13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	31 March 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash in hand and at banks	5,043	7,949	3,653
Deposit with:			
Licensed banks	5,548	1,539	7,045
Total cash and cash equivalents	<u>10,591</u>	<u>9,488</u>	<u>10,698</u>

14. Interest-bearing loans and borrowings

	31 March 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Short term borrowings			
Secured	13,912	12,705	1,613
Unsecured	27,225	24,978	4,890
	<u>41,137</u>	<u>37,683</u>	<u>6,503</u>



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15. Dividends

No interim ordinary dividend has been declared for the financial period ended 31 March 2012 (31 March 2011: Nil).

16. Commitments

	31 March 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	753	153	593
Approved but not contracted for:			
Property, plant and equipment	9,758	9,993	8,757
	<u>10,511</u>	<u>10,146</u>	<u>9,350</u>

17. Contingencies

There were no contingencies as at the end of the current financial quarter.

18. 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 2012 and 31 March 2011 as well as the balances with the related parties as at 31 March 2012 and 31 December 2011:

		March		March/December	
		Sales to related parties RM'000	Purchases from related parties RM'000	Amounts owed by related parties RM'000	Amounts owed to related parties RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2012	21,720	-	46,693	-
	2011	3,329	-	29,538	-
Sarawak Energy Engineering Sdn. Bhd.	2012	-	-	746	-
	2011	175	-	769	-
Syarikat SESCO Berhad	2012	3,513	1	3,197	-
	2011	17,836	-	34,745	-
Transactions with subsidiaries of Leader Universal Holdings Berhad:					
Alpha Industries Sdn. Bhd.	2012	-	-	-	-
	2011	-	3,211	-	-
Leader Universal Aluminium Sdn. Bhd.	2012	-	755	-	-
	2011	-	-	-	-
Universal Cable (M) Berhad	2012	-	3,502	-	1,016
	2011	-	19,791	-	16,513
Austin Corp. (Malaysia) Sdn. Bhd.	2012	-	-	-	5,337
	2011	-	14,520	-	8,529
Trenergy Infrastructure Sdn. Bhd.	2012	8,999	11,257	13,320	24,923
	2011	11,766	611	24,931	41,289



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

19. Review of performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

20. Comment on material change in profit before taxation

The profit before taxation for the quarter ended 31 March 2012 is 32.8% higher than the quarter ended 31 December 2011 mainly due to lower expenses in the current quarter.

21. Commentary on prospects

Although some of the Group's operations have been challenging in the period, barring any unforeseen circumstances, the Group anticipates improving performance in the coming months.

The Group has been actively seeking to participate in the infrastructure development in the State of Sarawak under GTP and SCORE.

Despite the slow start to the year 2012, the Group believes that with the business strategies that the Group have implemented in the current quarter and those which will be implemented in the coming months will improve the Group's future prospect and growth.

22. Profit forecast or profit guarantee

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

23. Corporate proposals

(a) Status of corporate proposal - Proposed acquisitions and Proposed exemption

On 8 August 2011, the Company made announcements in relation to

- (i) entering into a Share Sale Agreement to acquire the remaining 25% equity interest in Sarwaja Timur Sdn Bhd not already owned by the Company for a purchase consideration of RM 11.02 million to be satisfied via the issuance of 5,199,530 new ordinary shares of RM 0.50 each in the Company at an issue price of RM 2.12 per the Company's share ("Share") ("STSB SSA");
- (ii) entering into a Share Sale Agreement to acquire 65% equity interest in Trenergy Infrastructure Sdn Bhd for a purchase consideration of RM 24.45 million to be satisfied via the issuance of 11,533,020 new ordinary shares of RM 0.50 in the Company at an issue price of RM 2.12 per Share ("TISB SSA"); and
- (iii) proposed exemption for Dato Sri Mahmud Abu Bekir Taib and persons acting in concert from the obligation to extend a mandatory offer for all the remaining Company's ordinary shares not already owned by them under paragraph 16.1(a), Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 upon the completion of (i) and (ii) above.



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

23. Corporate proposals (contd.)

(a) Status of corporate proposal - Proposed acquisitions and Proposed exemption (contd.)

On 14 December 2011, the Company made an announcement that pending clarification sought on the Proposed exemption by certain major shareholders of the Company with their advisers and/or the relevant authorities, the Company expects to complete the corporate proposals by first half of financial year 2012.

On 8 February 2012, the Company made an announcement that the Company and the respective vendors of the corporate proposal had on 7 February 2012, by way of exchange of letters, agreed to an extension of six months from 8 February 2012 to 7 August 2012 for fulfilment of conditions precedent of the STSB SSA and TISB SSA (collectively known as “SSAs”). All terms and conditions in the SSAs remain and continue to be in full force and effect.

The corporate proposal is currently on-going as at the date of this report.

(b) Conditional Shares Sale and Purchase Agreement

On 23 September 2011, the Company made an announcement that the Company on 22 September 2011 entered into a Conditional Shares Sale and Purchase Agreement (“Initial CSPA”) with an intention to acquire 65% equity interest in PT Inpolo Mitra Elektrindo (“IME”), a limited liability company established under the laws of the Republic of Indonesia, for a total cash consideration of Rp. 15,000,000,000 (Fifteen Billion Rupiah), which is equivalent to approximately RM 5.40 million (“Acquisition”).

On 31 January 2012, the Company made an announcement that the Company on 30 January 2012 entered into an Amended and Restated Conditional Sales and Purchase Agreement (“Agreement”). The Agreement is to amend and restate the Initial CSPA in its entirety effective from the date of the Initial CSPA.

The Company has subscribed 162,500 new shares with a nominal sum of Rp 100,000 in IME at a total subscription price of Rp 162,500,000,000 (One Hundred Sixty Two Billion Five Hundred Million Rupiah) (equivalent to RM 5.5 million) (“Subscription”).

The proposal is thereby completed.



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23. Corporate proposals (contd.)

(c) Status of utilisation of proceeds

The gross proceeds from the public issue of approximately RM 9.1 million have been/shall be utilised in the following manner:

	Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from date of listing	Explanation
		RM'000	RM'000	RM'000	RM'000		
(i)	Purchase of machinery and equipment	3,471	3,471	-	-	Within 24 months	Utilisation is completed.
(ii)	Investment in new subsidiary companies	2,000	2,765	765	-	Within 24 months	Utilisation is completed.
(iii)	Additional investment in Sarawak Power Solutions Sdn. Bhd. ⁽¹⁾	765	-	(765)	-	Within 12 months	Reallocated under (ii).
(iv)	Estimated listing expenses	2,100	2,534	434	-	Within 6 months	Utilisation is completed.
(v)	Working capital	764	330	(434)	-	Within 6 months	Reallocated to listing expenses under (iv) due to additional expenses incurred. Utilisation is completed.
		<u>9,100</u>	<u>9,100</u>		<u>-</u>		

Note:

(1) Sarawak Power Solutions Sdn. Bhd. is 51% owned by the Company. The Company intends to utilise the proceeds to maintain its existing 51% equity interest in Sarawak Power Solutions Sdn. Bhd. by subscribing for additional shares in Sarawak Power Solutions Sdn. Bhd.



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24. Changes in material litigation

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

25. Dividends payable

The Board of Directors has proposed a final single tier dividend of 2.5 sen (31 December 2011: 3.0 sen) per ordinary share in respect of the financial year ended 31 December 2011. If approved by the shareholders at the upcoming Annual General Meeting which will be held on 11 June 2012, the dividend will be paid on 27 July 2012 to depositors whose names appear in the Record of Depositors on 4 July 2012.

26. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

27. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2012 or the previous financial year ended 31 December 2011.

28. 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 2012 and 31 December 2011.

29. Breakdown of realised and unrealised profits or losses

The breakdown of the revenue reserves of the Group as at 31 March 2012 and 31 December 2011 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 2012 RM'000	Previous financial year ended 31 December 2011 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	79,952	84,002
Unrealised	(1,983)	(2,032)
	<u>77,969</u>	<u>81,970</u>
Less: Consolidation adjustments	(373)	(2,935)
Revenue reserves as per financial statements	<u><u>77,596</u></u>	<u><u>79,035</u></u>



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30. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

31. 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 21 May 2012.

By order of the Board

Teoh Wen Jinq
Joint Company Secretary
21 May 2012