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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30.06.2012 RM'000	Current quarter 3 months ended 30.06.2011 RM'000	Cumulative quarter 6 months ended 30.06.2012 RM'000	Cumulative quarter 6 months ended 30.06.2011 RM'000
Revenue		64,572	79,462	130,226	163,121
Cost of sales		(59,263)	(72,662)	(119,648)	(148,767)
Gross profit		5,309	6,800	10,578	14,354
Other operating income		(147)	176	1,234	339
Administrative expenses		(2,007)	(1,377)	(3,939)	(2,614)
Other operating expenses		(809)	(468)	(2,038)	(1,532)
Operating profit		2,346	5,131	5,835	10,547
Finance costs		(350)	81	(754)	5
Profit before tax	8	1,996	5,212	5,081	10,552
Income tax expense	9	(686)	(1,562)	(1,381)	(2,817)
Profit for the period		1,310	3,650	3,700	7,735
Other comprehensive income					
Exchange differences on translation of foreign operation		99	-	(132)	-
Other comprehensive income for the period, net of tax		99	-	(132)	-
Total comprehensive income for the period, net of tax		1,409	3,650	3,568	7,735
Profit for the period attributable to:					
Owners of the parent		1,064	2,841	3,000	6,257
Non-controlling interests		246	809	700	1,478
		1,310	3,650	3,700	7,735
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		1,163	2,841	2,868	6,257
Non-controlling interests		246	809	700	1,478
		1,409	3,650	3,568	7,735
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	0.86	2.10	2.12	4.63
Diluted	10	0.86	2.10	2.12	4.63

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 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.06.2012 RM'000	31.12.2011 RM'000 (restated)	01.01.2011 RM'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	57,143	56,520	55,200
Land use rights		7,760	7,867	9,008
Intangible asset	12	2,450	-	-
Deferred tax asset		834	-	-
		68,187	64,387	64,208
Current assets				
Inventories		38,238	32,333	30,960
Trade and other receivables		99,660	135,074	129,228
Other current assets		12,021	30,715	6,569
Tax recoverable		659	64	-
Cash and bank balances	13	14,742	9,488	10,698
		165,320	207,674	177,455
Assets classified as held for sale		2,497	2,497	-
		167,817	210,171	177,455
TOTAL ASSETS		236,004	274,558	241,663
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	14	41,903	37,683	6,503
Trade and other payables		49,936	95,472	100,467
Other current liabilities		1,265	1,615	9,788
Tax payable		16	990	1,195
		93,120	135,760	117,953
Net current assets		74,697	74,411	59,502
Non-current liabilities				
Deferred tax liabilities		6,261	5,964	5,892
Total liabilities		99,381	141,724	123,845
Net assets		136,623	132,834	117,818
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		78,660	79,035	65,862
Foreign currency translation reserve		(132)	-	-
		119,318	119,825	106,652
Non-controlling interests		17,305	13,009	11,166
Total equity		136,623	132,834	117,818
TOTAL EQUITY AND LIABILITIES		236,004	274,558	241,663
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 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

				Attributable to owners of the parent					
				Non-distributable			Distributable	Non-distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total 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-controlling interests RM'000
At 1 January 2011		117,818	106,652	67,500	(37,300)	10,590	65,862	-	11,166
Total comprehensive income		7,735	6,257	-	-	-	6,257	-	1,478
Dividends paid to non-controlling interests		(1,250)	-	-	-	-	-	-	(1,250)
At 30 June 2011		124,303	112,909	67,500	(37,300)	10,590	72,119	-	11,394
At 1 January 2012		132,834	119,825	67,500	(37,300)	10,590	79,035	-	13,009
Total comprehensive income		3,568	2,868	-	-	-	3,000	(132)	700
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 30 June 2012		136,623	119,318	67,500	(37,300)	10,590	78,660	(132)	17,305

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

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current year to date 30.06.2012 RM'000	Preceding year corresponding period 30.06.2011 RM'000
Operating activities			
Profit before tax		5,081	10,552
Adjustments for:			
Amortisation of land use rights		107	85
Depreciation of property, plant and equipment		2,650	2,435
Interest income		(42)	(96)
Interest expense		754	152
Inventories written off		-	40
(Reversal)/additional amortisation of trade payables		(4)	98
Property, plant and equipment written off		74	-
Gain on disposal of property, plant and equipment		(7)	-
Additional/(reversal) impairment loss on trade receivables		27	(108)
Operating cash flows before changes in working capital		8,640	13,158
Changes in working capital:			
(Increase)/decrease in inventories		(5,906)	2,836
Decrease/(increase) in trade and other receivables		35,387	(41,152)
Decrease/(increase) in other current assets		18,695	(1,221)
(Decrease)/increase in trade and other payables		(45,532)	19,600
Decrease in other current liabilities		(2,901)	(79)
Total changes in working capital		(257)	(20,016)
Cash generated from/(used in) operations		8,383	(6,858)
Tax paid		(2,694)	(760)
Interest expense		(754)	(152)
Net cash generated from/(used in) operating activities		4,935	(7,770)
Investing activities			
Purchase of property, plant and equipment		(2,428)	(5,369)
Investment in subsidiary	5	(983)	-
Interest received		42	96
Net cash used in investing activities		(3,369)	(5,273)

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current year to date 30.06.2012 RM'000	Preceding year corresponding period 30.06.2011 RM'000
Financing activities			
Dividend paid on ordinary shares		(3,375)	-
Dividend paid to non-controlling interests		-	(1,250)
Proceeds from issuance of ordinary shares		2,975	-
Proceeds from borrowings		4,220	13,376
Net cash generated from financing activities		3,820	12,126
Net increase/(decrease) in cash and cash equivalents		5,386	(917)
Effects on exchange rate changes on cash and cash equivalents		(132)	-
Cash and cash equivalents at beginning of period		9,488	10,698
Cash and cash equivalents at end of period		14,742	9,781
Cash and cash equivalents comprise the following:			
Cash and bank balances		13,589	1,014
Deposit with licensed banks		1,153	8,767
Cash and cash equivalents	13	14,742	9,781

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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 24 August 2012.

2. First time adoption of MFRS

These condensed consolidated interim financial statements, for the period ended 30 June 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:

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 (30 June 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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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

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
	64,208		64,208
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
	177,455		177,455
TOTAL ASSETS	241,663		241,663
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
	117,953		117,953
Net current assets	59,502		59,502
Non-current liabilities			
Deferred tax liabilities	5,892		5,892
Total liabilities	123,845		123,845
Net assets	117,818		117,818
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
	106,652		106,652
Non-controlling interests	11,166		11,166
Total equity	117,818		117,818
TOTAL EQUITY AND LIABILITIES	241,663		241,663

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

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

(ii) Reconciliation of equity as at 30 June 2011

	FRS as at 30 June 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 30 June 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	58,135		58,135
Land use rights	8,921		8,921
	67,056		67,056
Current assets			
Inventories	28,085		28,085
Trade and other receivables	144,298		144,298
Other current assets	7,790		7,790
Cash and bank balances	9,781		9,781
	189,954		189,954
TOTAL ASSETS	257,010		257,010
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	19,879		19,879
Trade and other payables	103,625		103,625
Other current liabilities	33		33
Tax payable	3,143		3,143
	126,680		126,680
Net current assets	63,274		63,274
Non-current liabilities			
Deferred tax liabilities	6,027		6,027
Total liabilities	132,707		132,707
Net assets	124,303		124,303
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	71,667	452	72,119
	112,909		112,909
Non-controlling interests	11,394		11,394
Total equity	124,303		124,303
TOTAL EQUITY AND LIABILITIES	257,010		257,010

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
	64,387		64,387
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
	207,674		207,674
Assets classified as held for sale	2,497		2,497
	210,171		210,171
TOTAL ASSETS	274,558		274,558
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
	135,760		135,760
Net current assets	74,411		74,411
Non-current liabilities			
Deferred tax liabilities	5,964		5,964
Total liabilities	141,724		141,724
Net assets	132,834		132,834
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
	119,825		119,825
Non-controlling interests	13,009		13,009
Total equity	132,834		132,834
TOTAL EQUITY AND LIABILITIES	274,558		274,558

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, J1. 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 and will 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
	4,324
Liabilities	
Other current liabilities	(2,550)
Net identifiable assets	1,774
Non-controlling interests	(621)
Purchase consideration transferred	1,153
Analysis of cash flows on acquisition:	
Net cash acquired	170
Cash paid	(1,153)
New cash outflow	(983)

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.

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	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Revenue														
External customers	50,850	60,965	35,834	20,533	43,542	81,623	-	-	130,226	163,121	-	-	130,226	163,121
Inter-segment	5	-	-	-	-	-	1,800	6,750	1,805	6,750	(1,805)	(6,750)	-	-
Total revenue	50,855	60,965	35,834	20,533	43,542	81,623	1,800	6,750	132,031	169,871	(1,805)	(6,750)	130,226	163,121
Segment profit/(loss) (Note A)	843	2,489	2,437	3,652	1,592	5,283	(38)	6,505	4,834	17,929	247	(7,377)	5,081	10,552

Note A

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

	30 June 2012 RM'000	30 June 2011 RM'000
Segment profit	5,829	10,561
Finance costs	(754)	5
Unallocated corporate expenses	6	(14)
Profit before tax	5,081	10,552

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 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 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 39% (30 June 2011: 37%) of the revenue of the Group and 17% (30 June 2011: 24%) of the operating profit of the Group.

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

The slow market demand for power cables and conductors has led to a decrease in sales of power cables and conductors for the second quarter ended 30 June 2012. The demand for power cables and conductors, however, continues to be encouraging.

Segment revenue of RM 50.85 million for the second quarter of 2012 declined when compared to RM 60.97 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 0.84 million as compared to RM 2.49 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 gradually strengthening 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 28% (30 June 2011: 13%) of the revenue of the Group and 48% (30 June 2011: 35%) 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.

6. Segment information (contd.)

Galvanised steel products and transmission tower (contd.)

Segment revenue of RM 35.83 million for the second quarter of 2012 increased by 75% when compared to RM 20.53 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

Operating profit for this segment of RM 2.44 million has decreased by 33% as compared to RM 3.65 million in 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 and confident that the demand for galvanised steel products and transmission tower will continue to improve.

Contract revenue

The contract revenue segment is one of the Group's main source of revenue and operating profit, contributing 33% (30 June 2011: 50%) of the revenue of the Group and 31% (30 June 2011: 50%) of the operating profit of the Group.

Segment revenue of RM 43.54 million for the second quarter of 2012 decreased when compared to RM 81.62 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

The Group remains positive in this segment as it 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").

Operating profit for this segment of RM 1.59 million has decreased by 70% as compared to RM 5.28 million in the corresponding quarter of 2011. The decrease is because certain contracts have completed or are near completion.

Corporate

The corporate segment provides management services to its subsidiaries.

Consolidated profit before tax

The Group's current quarter profit before tax of RM 5.08 million (30 June 2011: RM 10.55 million) has declined by 52%.

Finance costs have increased by 152% 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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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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

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 6 months ended	
	30 June 2012 RM’000	30 June 2011 RM’000	30 June 2012 RM’000	30 June 2011 RM’000
Interest income	-	(70)	(42)	(96)
Interest expense	350	(81)	754	(5)
Depreciation of property, plant and equipment	1,284	1,236	2,650	2,435
Amortisation of land use rights	54	43	107	85
(Reversal)/additional impairment loss on trade receivables	(211)	354	27	(108)
Inventories written off	-	-	-	40

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2012 RM’000	30 June 2011 RM’000	30 June 2012 RM’000	30 June 2011 RM’000
Malaysian taxation Current year	409	1,367	1,081	2,681
Deferred tax	277	195	300	136
	686	1,562	1,381	2,817

The effective tax rate for the current interim period and corresponding interim period ended 30 June 2011 were higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

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.

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 year quarter		Current year to date	
	30 June 2012	**30 June 2011**	**30 June 2012**	**30 June 2011**
Profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	1,163	2,841	2,868	6,257
Weighted average number of ordinary shares in issue ('000)	135,000	135,000	135,000	135,000
Basic earnings per share (sen per share)	0.86	2.10	2.12	4.63
Diluted earnings per share (sen per share)	0.86	2.10	2.12	4.63

11. Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired assets at the cost of RM1.5 million (30 June 2011: RM5.4 million), 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 with renewable concession to sell power for a period of twenty (20) years (see Note 5). The amortisation period of twenty (20) years will commence when the power plant is commissioned.

13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	30 June 2012 RM'000	**31 December 2011 RM'000**	**1 January 2011 RM'000**
Cash in hand and at banks	13,589	7,949	3,653
Deposit with:			
Licensed banks	1,153	1,539	7,045
Total cash and cash equivalents	14,742	9,488	10,698

14. Interest-bearing loans and borrowings

	30 June 2012 RM'000	**31 December 2011 RM'000**	**1 January 2011 RM'000**
Short term borrowings			
Secured	9,253	12,705	1,613
Unsecured	32,650	24,978	4,890
	41,903	37,683	6,503

15. Dividends

The Board of Directors declared a final single tier dividend of 2.5 sen (30 June 2011: first and final dividend of 3.0 sen) per ordinary share in respect of the financial year ending 31 December 2011. The dividend was paid on 27 July 2012 to depositors whose names appear in the Record of Depositors on 4 July 2012.

16. Commitments

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	1,129	153	593
Approved but not contracted for:			
Property, plant and equipment	9,382	9,993	8,757
	10,511	10,146	9,350

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 six-month period ended 30 June 2012 and 30 June 2011 as well as the balances with the related parties as at 30 June 2012 and 31 December 2011:

		June		June/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	46,267	-	43,114	-
	2011	7,093	-	29,538	-
Sarawak Energy Engineering Sdn. Bhd.[1]	2012	-	-	746	-
	2011	175	-	769	-
Syarikat SESCO Berhad	2012	6,905	1	1,155	-
	2011	64,992	-	34,745	-
Transactions with subsidiaries of Leader Universal Holdings Berhad:					
Alpha Industries Sdn. Bhd.	2012	-	3,680	-	997
	2011	-	3,817	-	-
Leader Universal Aluminium Sdn. Bhd.	2012	-	5,160	-	-
	2011	-	-	-	-
Universal Cable (M) Berhad	2012	-	6,722	-	2,446
	2011	-	24,595	-	16,513
Austin Corp. (Malaysia) Sdn. Bhd.	2012	-	907	-	6,244
	2011	-	14,520	-	8,529
Trenergy Infrastructure Sdn. Bhd.	2012	25,792	23,906	16,996	21,423
	2011	23,388	38,019	24,931	41,289

Note:
1. Sarawak Energy Engineering Sdn Bhd ceased as a subsidiary of Sarawak Energy Berhad on 1 March 2012.

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 30 June 2012 is 52% lower than the quarter ended 30 June 2011 mainly due to lower revenue and gross profit margin earned 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 has implemented in the current quarter and those which will be implemented in the coming months will improve the Group's future prospects 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

Status of corporate proposal

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 ("STSB") 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 share ("Share") ("STSB SSA");
(ii) entering into a Share Sale Agreement to acquire 65% equity interest in Trenergy Infrastructure Sdn Bhd ("TISB") 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 ("Proposed Exemption").

(collectively known as the "Previous Proposals")

23. Corporate proposals (contd.)

Status of corporate proposal (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 Previous Proposals 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.

On 3 August 2012, the Company made an announcement that

(i) the Company has entered into share sale agreements for the proposed acquisition of STSB and TISB ("Proposed Acquisitions") which set out the revised terms and conditions of the Proposed Acquisitions and have the effect of revising the terms and conditions of the STSB SSA and TISB SSA entered on 8 August 2011; and
(ii) the Company proposes to undertake a proposed placement of up to 20,250,000 new ordinary shares of RM0.50 each in the Company, representing up to 15% of the issued and paid up share capital of the Company ("Proposed Placement"). The Proposed Placement is to part finance the Proposed Acquisitions.

(collectively known as the "Proposals")

The table below sets out the differences between the Proposals and the Previous Proposals:-

Previous Proposals	**Proposals**
Proposed STSB Acquisition	
- Purchase consideration = RM11.02 million - Mode of satisfaction = issuance of 5,199,530 new SCB Shares at the Issue Price	- Purchase consideration = RM11.31 million - Mode of satisfaction = wholly in cash

23. Corporate proposals (contd.)

Status of corporate proposal (contd.)

Previous Proposals (contd.)	**Proposals (contd.)**
Proposed TISB Acquisition	
- Interest to be acquired = 65% equity interest - Purchase consideration = RM24.45 million (equivalent to approximately RM7.52 per share) - Mode of satisfaction = issuance of 11,533,020 new SCB Shares at the Issue Price	- Interest to be acquired = 100% equity interest - Purchase consideration = RM65.00 million (equivalent to approximately RM13.00 per share) - Mode of satisfaction = wholly in cash
Proposed Exemption	
Proposed exemption for Dato Sri Mahmud and persons acting in concert from the obligation to extend a mandatory offer for the remaining SCB Shares not already owned by them pursuant to Paragraph 16.1(a), Practice Note 9 of the Code upon completion of the Previous Proposals	Not applicable as the Proposals are to be satisfied wholly in cash. The Proposed Placement is not expected to trigger the Code
Proposed Placement	
Not applicable	Proposed placement of new SCB Shares, representing up to 15% of the issued and paid-up share capital of SCB to part finance the Proposals

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposals are expected to be completed by the third quarter of 2012.

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

24. Changes in material litigations

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

25. Dividends payable

Please refer to Note 15 for details.

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 30 June 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 30 June 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 30 June 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 30 June 2012 RM'000	**Previous financial year ended 31 December 2011 RM'000**
Total revenue reserves of the Company and its subsidiaries:		
Realised	83,908	84,002
Unrealised	(4,366)	(2,032)
	79,542	81,970
Less: Consolidation adjustments	(882)	(2,935)
Revenue reserves as per financial statements	78,660	79,035

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

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 24 August 2012.

By order of the Board

Chai Chin Foh
Joint Company Secretary
24 August 2012