



SARAWAK CABLE BERHAD

(456400-V)

(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Revenue		70,694	98,903	200,921	262,024
Cost of sales		(62,627)	(84,254)	(182,275)	(233,021)
Gross profit		8,067	14,649	18,646	29,003
Other operating income		288	210	1,521	549
Administrative expenses		(3,841)	(1,650)	(7,780)	(4,264)
Other operating expenses		(1,262)	(1,383)	(3,300)	(2,915)
Operating profit		3,252	11,826	9,087	22,373
Finance costs		(599)	(414)	(1,352)	(409)
Profit before tax	8	2,653	11,412	7,735	21,964
Income tax expense	9	(1,426)	(2,838)	(2,807)	(5,655)
Profit for the period		1,227	8,574	4,928	16,309
Other comprehensive income					
Exchange differences on translation of foreign operation		131	-	(1)	-
Other comprehensive income for the period, net of tax		131	-	(1)	-
Total comprehensive income for the period, net of tax		1,358	8,574	4,927	16,309
Profit for the period attributable to:					
Owners of the parent		1,933	6,469	4,933	12,726
Non-controlling interests		(706)	2,105	(5)	3,583
		1,227	8,574	4,928	16,309
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		2,064	6,469	4,932	12,726
Non-controlling interests		(706)	2,105	(5)	3,583
		1,358	8,574	4,927	16,309
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	1.53	4.79	3.65	9.43
Diluted	10	1.53	4.79	3.65	9.43

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 SEPTEMBER 2012**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.09.2012 RM'000	31.12.2011 RM'000 (restated)	01.01.2011 RM'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	65,050	56,520	55,200
Intangible assets	12	36,050	-	-
Land use rights		7,707	7,867	9,008
Deferred tax assets		860	-	-
Trade receivables		9,484	-	-
		<u>119,151</u>	<u>64,387</u>	<u>64,208</u>
Current assets				
Inventories		36,805	32,333	30,960
Trade and other receivables		121,675	135,074	129,228
Other current assets		10,433	30,715	6,569
Tax recoverable		3,341	64	-
Cash and bank balances	13	21,616	9,488	10,698
		<u>193,870</u>	<u>207,674</u>	<u>177,455</u>
Assets classified as held for sale		2,497	2,497	-
		<u>196,367</u>	<u>210,171</u>	<u>177,455</u>
TOTAL ASSETS		<u>315,518</u>	<u>274,558</u>	<u>241,663</u>
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	14	57,275	37,683	6,503
Trade and other payables		45,978	95,472	100,467
Other current liabilities		76,313	1,615	9,788
Tax payable		-	990	1,195
		<u>179,566</u>	<u>135,760</u>	<u>117,953</u>
Net current assets		<u>16,802</u>	<u>74,411</u>	<u>59,502</u>
Non-current liabilities				
Borrowings	14	1,338	-	-
Deferred tax liabilities		11,821	5,964	5,892
		<u>13,159</u>	<u>5,964</u>	<u>5,892</u>
Total liabilities		<u>192,725</u>	<u>141,724</u>	<u>123,845</u>
Net assets		<u>122,794</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		78,237	79,035	65,862
Foreign currency translation reserves		(1)	-	-
		<u>119,026</u>	<u>119,825</u>	<u>106,652</u>
Non-controlling interests		3,767	13,009	11,166
Total equity		<u>122,793</u>	<u>132,834</u>	<u>117,818</u>
TOTAL EQUITY AND LIABILITIES		<u>315,518</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 30 SEPTEMBER 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			Revenue reserves RM'000	Foreign currency translation reserve RM'000	Non- controlling interests RM'000
				Non-distributable	Distributable	Non-distributable			
			Share capital RM'000	Reverse acquisition reserve RM'000	Share premium RM'000				
At 1 January 2011		117,818	67,500	(37,300)	10,590	65,862	-	11,166	
Total comprehensive income		16,309	-	-	-	12,726	-	3,583	
Dividends paid on ordinary shares		(5,300)	-	-	-	(4,050)	-	(1,250)	
Transactions with owners									
Acquisition of subsidiary Company – adjustment on provisional amounts		2,210	-	-	-	1,658	-	552	
At 30 September 2011		<u>131,037</u>	<u>67,500</u>	<u>(37,300)</u>	<u>10,590</u>	<u>76,196</u>	<u>-</u>	<u>14,051</u>	
At 1 January 2012		132,834	67,500	(37,300)	10,590	79,035	-	13,009	
Total comprehensive income		4,927	-	-	-	4,933	(1)	(5)	
Transactions with owners									
Shares issued for cash		2,975	-	-	-	-	-	2,975	
Acquisition of subsidiaries	5	(10,693)	-	-	-	1,019	-	(11,712)	
Dividends on ordinary shares		(7,250)	-	-	-	(6,750)	-	(500)	
At 30 September 2012		<u>122,793</u>	<u>67,500</u>	<u>(37,300)</u>	<u>10,590</u>	<u>78,237</u>	<u>(1)</u>	<u>3,767</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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current year to date 30.09.2012 RM'000	Preceding year corresponding period 30.09.2011 RM'000
Operating activities			
Profit before tax		7,735	21,964
Adjustments for:			
Amortisation of land use rights		160	126
Depreciation of property, plant and equipment		4,558	3,767
Interest income		(71)	(101)
Interest expense		1,352	409
Inventories written off		-	1,036
(Reversal)/additional amortisation of trade payables		(260)	213
(Gain)/loss on disposal of property, plant and equipment		(97)	1
Additional impairment loss on trade receivables		27	159
Operating cash flows before working capital changes		13,404	27,574
Changes in working capital:			
Increase in inventories		(4,472)	(6,339)
Decrease/(increase) in trade and other receivables		79,289	(15,030)
Decrease/(increase) in other current assets		20,282	(18,206)
(Decrease)/increase in trade and other payables		(103,256)	9,537
Increase/(decrease) in other current liabilities		72,147	(5,201)
Total changes in working capital		63,990	(35,239)
Cash generated from/(used in) operations		77,394	(7,665)
Interest received		71	101
Interest expense		(1,352)	(409)
Tax paid		(4,670)	(2,438)
Net cash generated from/(used in) operating activities		71,443	(10,411)
Investing activities			
Purchase of property, plant and equipment		(3,813)	(5,938)
Proceeds from disposal of property, plant and equipment		90	-
Net cash outflow on acquisition of subsidiaries	5	(47,157)	-
Acquisition of non-controlling interests	5	(11,313)	-
Net cash used in investing activities		(62,193)	(5,938)



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current year to date	Preceding year corresponding period
Note	30.09.2012 RM'000	30.09.2011 RM'000
Financing activities		
Dividend paid on ordinary shares	(7,250)	(5,300)
Proceeds from issuance of ordinary shares	2,975	-
Proceeds from borrowings	7,278	16,353
Repayment of obligation under finance lease	(124)	-
Net cash generated from financing activities	<u>2,879</u>	<u>11,053</u>
Net increase/(decrease) in cash and cash equivalents	12,129	(5,296)
Effects on exchange rate changes on cash and cash equivalents	(1)	-
Cash and cash equivalents at beginning of period	<u>9,488</u>	<u>10,699</u>
Cash and cash equivalents at end of period	<u>21,616</u>	<u>5,403</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	20,538	1,014
Deposit with licensed banks	<u>1,078</u>	<u>4,389</u>
Cash and cash equivalents	<u>13</u> <u>21,616</u>	<u>5,403</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 30 SEPTEMBER 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 29 November 2012.

2. First time adoption of MFRS

These condensed consolidated interim financial statements, for the period ended 30 September 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 third 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 (30 September 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 30 September 2011

	FRS as at 30 September 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 30 September 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	56,794		56,794
Land use rights	9,123		9,123
	<u>65,917</u>		<u>65,917</u>
Current assets			
Inventories	36,262		36,262
Trade and other receivables	139,810		139,810
Other current assets	20,202		20,202
Cash and bank balances	5,403		5,403
	<u>201,677</u>		<u>201,677</u>
Assets held for sale	334		334
	<u>202,011</u>		<u>202,011</u>
TOTAL ASSETS	<u>267,928</u>		<u>267,928</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	22,856		22,856
Trade and other payables	103,731		103,731
Other current liabilities	-		-
Tax payable	4,308		4,308
	<u>130,895</u>		<u>130,895</u>
Net current assets	<u>71,116</u>		<u>71,116</u>
Non-current liabilities			
Deferred tax liabilities	5,996		5,996
Total liabilities	<u>136,891</u>		<u>136,891</u>
Net assets	<u>131,037</u>		<u>131,037</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	75,744	452	76,196
	<u>116,986</u>		<u>116,986</u>
Non-controlling interests	14,051		14,051
Total equity	<u>131,037</u>		<u>131,037</u>
TOTAL EQUITY AND LIABILITIES	<u>267,928</u>		<u>267,928</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

Acquisition of non-controlling interests

Since the Group entered into a Share Sale Agreement on 8 August 2011 to acquire an additional 25% equity interest in Sarwaja Timur Sdn Bhd (“STSB”), the Company has obtained full management control. The Group acquired the additional equity interest from its non-controlling interests for a cash consideration of RM 11.3 million.

Under the condensed consolidated interim financial statements, the entire profits attributable to the Company will take effect from 1 January 2012, by virtue of full management control obtained by the Company in STSB. The difference between the consideration and the book value of the interest acquired of RM1.0 million is reflected in equity under revenue reserves.

Acquisition of the entire equity interest in Trenergy Infrastructure Sdn Bhd (“TISB”)

On 3 August 2012, the Group 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 acquisition has been accounted for using the acquisition method. The condensed consolidated interim financial statements include the results of TISB effective 3 August 2012 by virtue of management control obtained by the Company in TISB.

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

	Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	8,357
Intangible assets (Note 12)	15,000
Trade and other receivables	75,400
Tax recoverable	2,018
Cash and cash equivalents	18,827
	<u>119,602</u>
Liabilities	
Borrowings	13,776
Deferred tax liabilities	5,404
Trade and other payables	54,022
	<u>73,202</u>



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5. Changes in composition of the Group (contd.)

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

The provisional fair value of the identifiable assets and liabilities of TISB as at the date of acquisition was (contd.):

	Fair value recognised on acquisition RM'000
Net identifiable assets	46,400
Goodwill on consolidation (Note 12)	18,600
Purchase consideration transferred	<u>65,000</u>
Analysis of cash flows on acquisition:	
Net cash acquired	18,827
Cash paid	<u>(65,000)</u>
Net cash outflow	<u>(46,173)</u>

From the date of acquisition, TISB has contributed RM 27.5 million of revenue and RM 2.1 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.

As the corporate proposals include both acquisition of an additional equity interest in STSB and the entire equity interest in TISB, and placement for issuance of new ordinary shares, as mentioned in Note 23, the total transaction costs will only be ascertained upon the completion of the corporate proposals. Once the actual total transaction costs is confirmed, it will be apportioned to be expensed and included in administrative expenses in the statement of comprehensive income and will be part of the operating cash flows in the statement of cash flows for expenses relating to acquisition of additional equity interest in STSB and entire equity interest in TISB. The expenses incurred for issuance of new ordinary shares under placement will be taken to statement of changes in equity.

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

On 30 January 2012, the Group 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, 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 would therefore enhance future growth potential and earnings of the Group.



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5. Changes in composition of the Group (contd.)

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

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 (Note 12)	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	(621)
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

	Sale of power cables and conductors		Sale of galvanised steel products and transmission tower		Contract revenue		Corporate		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	30 Sept 2012 RM'000	30 Sept 2011 RM'000	30 Sept 2012 RM'000	30 Sept 2011 RM'000	30 Sept 2012 RM'000	30 Sept 2011 RM'000	30 Sept 2012 RM'000	30 Sept 2011 RM'000	30 Sept 2012 RM'000	30 Sept 2011 RM'000	30 Sept 2012 RM'000	30 Sept 2011 RM'000	30 Sept 2012 RM'000	30 Sept 2011 RM'000
Revenue														
External customers	71,559	84,504	51,446	42,020	77,916	135,500	-	-	200,921	262,024	-	-	200,921	262,024
Inter-segment	8	12	31	-	2,591	-	8,200	6,750	10,830	6,762	(10,830)	(6,762)	-	-
Total revenue	<u>71,567</u>	<u>84,516</u>	<u>51,477</u>	<u>42,020</u>	<u>80,507</u>	<u>135,500</u>	<u>8,200</u>	<u>6,750</u>	<u>211,751</u>	<u>268,786</u>	<u>(10,830)</u>	<u>(6,762)</u>	<u>200,921</u>	<u>262,024</u>
Segment profit/(loss) (Note A)	<u>1,236</u>	<u>3,274</u>	<u>2,202</u>	<u>9,021</u>	<u>4,845</u>	<u>7,724</u>	<u>5,017</u>	<u>6,265</u>	<u>13,300</u>	<u>26,284</u>	<u>(5,565)</u>	<u>(4,320)</u>	<u>7,735</u>	<u>21,964</u>

Note A

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

	30 September 2012 RM'000	30 September 2011 RM'000
Segment profit	9,092	22,390
Finance costs	(1,352)	(409)
Unallocated corporate expenses	(5)	(17)
Profit before tax	<u>7,735</u>	<u>21,964</u>



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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 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 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 36% (30 September 2011: 32%) of the revenue of the Group and 16% (30 September 2011: 15%) of the operating profit of the Group.

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

Segment revenue of RM 71.6 million for the third quarter of 2012 declined when compared to RM 84.5 million for the corresponding quarter in 2011. The slow market demand for power cables and conductors has led to a decrease in sales of power cables and conductors for the third quarter ended 30 September 2012. The demand for power cables and conductors, however, continues to be encouraging.

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 1.2 million as compared to RM 3.3 million in the corresponding quarter of 2011.

The Group remains positive and believes that the economy is gradually strengthening and with our business strategies in place, the Group anticipates growth in the coming months.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 26% (30 September 2011: 16%) of the revenue of the Group and 28% (30 September 2011: 41%) 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 51.5 million for the third quarter of 2012 increased by 23% when compared to RM 42.0 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 2.2 million has decreased by 76% as compared to RM 9.0 million in the corresponding quarter of 2011.

Although performance in this segment has declined, the Group remains 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 39% (30 September 2011: 52%) of the revenue of the Group and 63% (30 September 2011: 35%) of the operating profit of the Group.

Segment revenue of RM 77.9 million for the third quarter of 2012 decreased when compared to RM 135.5 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 the enlarge Group will be able to capitalise on the Group’s development plans for the power transmission industry especially with the inclusion of TISB.

Operating profit for this segment of RM 4.8 million has decreased by 37% as compared to RM 7.7 million in the corresponding quarter of 2011. The decrease is because certain contracts are completed or 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 7.7 million (30 September 2011: RM 21.9 million) has declined by 65%.

Finance costs have increased by 231% 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 9 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Interest income	(29)	(5)	(71)	(101)
Interest expense	598	414	1,352	409
Depreciation of property, plant and equipment	1,908	1,332	4,558	3,767
Amortisation of land use rights	53	41	160	126
Additional impairment loss on trade receivables	-	267	27	159
Inventories written off	-	996	-	1,036

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Malaysian taxation				
Current year	976	2,407	2,057	5,088
Under-provision of income tax in respect of previous years	386	462	386	462
Deferred tax	64	(31)	364	105
	<u>1,426</u>	<u>2,838</u>	<u>2,807</u>	<u>5,655</u>

The effective tax rate for the current and cumulative interim period, and current corresponding interim period is higher than the statutory tax rate principally due that certain expenses which are not deductible for tax purposes.

While the effective tax rate for the cumulative corresponding period ended 30 September 2011 was lower than the statutory tax rate mainly due to utilisation of reinvestment allowance.

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 year quarter		Current year to date	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	2,064	6,469	4,932	12,726
Weighted average number of ordinary shares in issue ('000)	135,000	135,000	135,000	135,000
Basic earnings per share (sen per share)	1.53	4.79	3.65	9.43
Diluted earnings per share (sen per share)	1.53	4.79	3.65	9.43

11. Property, plant and equipment

During the nine months ended 30 September 2012, the Group acquired assets at the cost of RM3.8 million (30 September 2011: RM5.9 million), excluding property, plant and equipment acquired through business combination (see Note 5).

12. Intangible assets

	Note	Goodwill	Contracts awarded	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Acquisition of subsidiaries	5	18,600	15,000	2,450	36,050

Goodwill

Goodwill will be tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired. As at the current financial period, the management did not identify impairment for cash-generating unit to which goodwill is allocated.

Contracts awarded

Contracts awarded relate to contract revenue awarded that were acquired in business combination. The contracts awarded classified as intangible asset will be amortised over the remaining period of respective contract revenue.

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.



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13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	30 September 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash in hand and at banks	20,538	7,949	3,653
Deposit with:			
Licensed banks	1,078	1,539	7,045
Total cash and cash equivalents	<u>21,616</u>	<u>9,488</u>	<u>10,698</u>

14. Interest-bearing loans and borrowings

	30 September 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Short term borrowings			
Secured	28,262	12,705	1,613
Unsecured	29,013	24,978	4,890
	<u>57,275</u>	<u>37,683</u>	<u>6,503</u>
Long term borrowings			
Secured	1,338	-	-
	<u>58,613</u>	<u>37,683</u>	<u>6,503</u>

15. Dividends

The Board of Directors has declared a final single tier dividend of 2.5 sen (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. No interim ordinary dividend has been declared for the financial period ended 30 September 2012 (30 September 2011: Nil).

16. Commitments

	30 September 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	966	153	593
Approved but not contracted for:			
Property, plant and equipment	7,944	9,993	8,757
	<u>8,910</u>	<u>10,146</u>	<u>9,350</u>

17. Contingencies

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



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18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the nine-month period ended 30 September 2012 and 30 September 2011 as well as the balances with the related parties as at 30 September 2012 and 31 December 2011:

		September		September/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	2012	51,623	-	36,433	-
	2011	24,724	-	29,538	-
SEE Energy Sdn Bhd (formerly known as Sarawak Energy Engineering Sdn. Bhd.) ⁽¹⁾	2012	-	-	746	-
	2011	175	-	769	-
Syarikat SESCO Berhad	2012	10,719	8	3,841	-
	2011	112,097	-	34,745	-
Transactions with subsidiaries of Leader Universal Holdings Berhad:					
Alpha Industries Sdn. Bhd.	2012	-	10,217	-	2,068
	2011	-	3,818	-	-
Leader Universal Aluminium Sdn. Bhd.	2012	-	7,108	-	1,234
	2011	-	-	-	-
Universal Cable (M) Berhad	2012	-	9,667	-	2,954
	2011	-	27,952	-	16,513
Austin Corp. (Malaysia) Sdn. Bhd.	2012	-	1,688	-	4,686
	2011	-	14,520	-	8,529
TISB ⁽²⁾	2012	29,736	25,111	14,822	13,623
	2011	32,638	97,308	24,931	41,289

Notes:

(1) SEE Energy Sdn Bhd ceased as a subsidiary of Sarawak Energy Berhad on 1 March 2012.

(2) TISB is deemed a wholly owned subsidiary with effect from 3 August 2012.

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 September 2012 is 65% lower than the quarter ended 30 September 2011 mainly due to lower revenue and gross profit margin earned in the current quarter. The consolidation of TISB in the current quarter has contributed positively to the Group's results for the quarter ended 30 September 2012 as disclosed in Note 5.



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21. Commentary on prospects

Although some of the Group's operations have been challenging in the period, the Group anticipates continuous growth in the final quarter of financial year ending 2012.

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 proposals

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 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 the Company's share ("Share") ("STSB SSA");
- (ii) entering into a Share Sale Agreement to acquire 65% equity interest in 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.

(collectively known as the "Previous Proposals")

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.

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")



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23. Corporate proposals (contd.)

Status of corporate proposals (contd.)

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

Previous Proposals	Proposals
Proposed STSB Acquisition	
<ul style="list-style-type: none"> - Purchase consideration = RM11.02 million - Mode of satisfaction = issuance of 5,199,530 new SCB Shares at the Issue Price 	<ul style="list-style-type: none"> - Purchase consideration = RM11.31 million - Mode of satisfaction = wholly in cash
Proposed TISB Acquisition	
<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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 Proposed STSB Acquisition and Previous Proposed TISB Acquisition	Not applicable as the Proposed Acquisitions 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 Proposed Acquisitions

On 6 November 2012, the Company made an announcement on the outcome of the Extraordinary General Meeting whereby the Company obtained shareholders' approval for the Proposals.

The Proposals were duly completed on 27 November 2012.



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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 declared a final single tier dividend of 2.5 sen (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.

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 September 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 September 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 September 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 September 2012 RM'000	Previous financial year ended 31 December 2011 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	112,959	84,002
Unrealised	(5,559)	(2,032)
	<u>107,400</u>	<u>81,970</u>
Less: Consolidation adjustments	(29,163)	(2,935)
Revenue reserves as per financial statements	<u><u>78,237</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 29 November 2012.

By order of the Board

Chai Chin Foh
Joint Company Secretary
29 November 2012