



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue		47,674	64,572	106,184	130,226
Cost of sales		(42,487)	(59,263)	(94,545)	(119,648)
Gross profit		5,187	5,309	11,639	10,578
Other operating income		968	(147)	2,205	1,234
Administrative expenses		(3,364)	(2,007)	(6,671)	(3,939)
Other operating expenses		(2,216)	(809)	(4,162)	(2,038)
Operating profit		575	2,346	3,011	5,835
Finance costs		(1,072)	(350)	(1,782)	(754)
(Loss)/profit before tax	6	(497)	1,996	1,229	5,081
Income tax expense	7	63	(686)	(385)	(1,381)
(Loss)/profit for the period		(434)	1,310	844	3,700
Other comprehensive income					
Exchange differences on translation of foreign operation		(44)	99	(44)	(132)
Other comprehensive income for the period, net of tax		(44)	99	(44)	(132)
Total comprehensive (loss)/ income for the period, net of tax		(478)	1,409	800	3,568
(Loss)/profit for the period attributable to:					
Owners of the parent		(407)	1,064	896	3,000
Non-controlling interests		(27)	246	(52)	700
		(434)	1,310	844	3,700
Total comprehensive (loss)/income for the period, net of tax attributable to:					
Owners of the parent		(436)	1,163	868	2,868
Non-controlling interests		(42)	246	(68)	700
		(478)	1,409	800	3,568
(Loss)/earnings per share attributable to owners of the parent (sen per share):					
Basic	8	(0.28)	0.86	0.56	2.12
Diluted	8	(0.28)	0.86	0.56	2.12

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 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.06.2013 RM'000	31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	61,835	63,776
Intangible assets	10	31,313	33,239
Prepaid land lease payment		7,535	7,655
Long term retention sum		9,067	9,612
Deferred tax assets		880	687
		<u>110,630</u>	<u>114,969</u>
Current assets			
Inventories		50,883	40,834
Trade and other receivables		79,795	93,695
Other current assets		39,892	39,680
Tax recoverable		949	-
Cash and bank balances	11	17,002	30,301
		<u>188,521</u>	<u>204,510</u>
Assets classified as held for sale		1,664	1,664
		<u>190,185</u>	<u>206,174</u>
TOTAL ASSETS		<u><u>300,815</u></u>	<u><u>321,143</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	12	72,022	91,534
Trade and other payables		40,214	36,765
Other current liabilities		719	1,274
Tax payable		452	380
		<u>113,407</u>	<u>129,953</u>
Net current assets		<u>76,778</u>	<u>76,221</u>
Non-current liabilities			
Loans and borrowings	12	28,328	32,107
Deferred tax liabilities		7,322	7,880
		<u>35,650</u>	<u>39,987</u>
Total liabilities		<u>149,057</u>	<u>169,940</u>
Net assets		<u>151,758</u>	<u>151,203</u>
Equity attributable to owners of the parent			
Share capital		77,625	77,625
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		31,783	31,783
Revenue reserves		80,057	79,251
Foreign currency translation reserve		(342)	(314)
		<u>151,823</u>	<u>151,045</u>
Non-controlling interests		(65)	158
Total equity		<u>151,758</u>	<u>151,203</u>
TOTAL EQUITY AND LIABILITIES		<u><u>300,815</u></u>	<u><u>321,143</u></u>
Net assets per share attributable to owners of the parent (sen)		98	97

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



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	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	Foreign currency translation reserve RM'000	Distributable	
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	-	-	-	(132)	3,000	700
Transactions with owners								
Shares issued for cash	2,975	-	-	-	-	-	-	2,975
Acquisition of subsidiary company	621	-	-	-	-	-	-	621
Dividends on ordinary shares	(3,375)	(3,375)	-	-	-	-	(3,375)	-
At 30 June 2012	<u>136,623</u>	<u>119,318</u>	<u>67,500</u>	<u>(37,300)</u>	<u>10,590</u>	<u>(132)</u>	<u>78,660</u>	<u>17,305</u>
At 1 January 2013	151,203	151,045	77,625	(37,300)	31,783	(314)	79,251	158
Total comprehensive income	800	868	-	-	-	(28)	896	(68)
Acquisition of remaining equity interest in a subsidiary company	(245)	(90)	-	-	-	-	(90)	(155)
At 30 June 2013	<u>151,758</u>	<u>151,823</u>	<u>77,625</u>	<u>(37,300)</u>	<u>31,783</u>	<u>(342)</u>	<u>80,057</u>	<u>(65)</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 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date	Preceding year corresponding period
	30.06.2013 RM'000	30.06.2012 RM'000
Note		
Operating activities		
Profit before tax	1,229	5,081
Adjustments for:		
Accretion of interest on finance lease	(24)	-
Accretion of long term retention sum	(750)	-
Additional /(reversal) for amortisation of trade payables	245	(4)
Amortisation of intangible assets	1,926	-
Amortisation of prepaid land lease payment	119	107
Bad debts recovered	(25)	-
Depreciation of property, plant and equipment	4,752	2,650
Gain on disposal of property, plant and equipment	(36)	(7)
Interest expense	1,782	754
Interest income	(141)	(42)
Inventories written off	5	-
Property, plant and equipment written off	-	74
(Reversal)/additional allowance for impairment loss of trade receivables	(52)	27
Operating cash flows before working capital changes	9,030	8,640
Changes in working capital:		
Decrease in deposits with licensed bank pledged for borrowings	3,707	-
Increase in inventories	(10,054)	(5,906)
Decrease in trade and other receivables	15,035	35,387
(Increase)/decrease in other current assets	(212)	18,695
Increase/(decrease) in trade and other payables	3,204	(45,532)
Decrease in other current liabilities	(555)	(2,901)
Total changes in working capital	11,125	(257)
Cash from operations	20,155	8,383
Interest received	141	42
Interest paid	(1,782)	(754)
Income taxes paid	(1,820)	(2,694)
Net cash from operating activities	16,694	4,977
Investing activities		
Acquisition of subsidiary company, net of cash outflow	-	(983)
Acquisition of non-controlling interests	(245)	-
Purchase of property, plant and equipment	(2,971)	(2,428)
Proceeds from disposal of property, plant and equipment	196	-
Net cash used in investing activities	(3,020)	(3,411)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current year to date	Preceding year corresponding period
Note	30.06.2013 RM'000	30.06.2012 RM'000
Financing activities		
Dividend paid on ordinary shares	-	(3,375)
Proceeds from issuance of ordinary shares	-	2,975
(Repayment)/proceeds from borrowings	(22,398)	4,220
Net cash (used in)/from financing activities	<u>(22,398)</u>	<u>3,820</u>
Net (decrease)/increase in cash and cash equivalents		
Effects on exchange rate changes on cash and cash equivalents	(8,724)	5,386
Cash and cash equivalents at beginning of period	-	(132)
Cash and cash equivalents at end of period	<u>13,506</u>	<u>9,488</u>
	<u>4,782</u>	<u>14,742</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,782	13,589
Deposit with licensed banks	-	1,153
Cash and cash equivalents	<u>4,782</u>	<u>14,742</u>
11		

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 2013

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

1. Corporate information

Sarawak Cable Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2013.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards (MFRS). The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012.

3. Changes in estimates

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



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

4. Segment information

	Sale of power cables and conductors		Sale of galvanised steel products and transmission tower		Contract revenue		Corporate		Adjustments/ elimination		Per condensed consolidated financial statements	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
Sales to external customers	34,106	50,850	11,757	35,834	60,321	43,542	-	-	-	-	106,184	130,226
Inter-segment sales	6,337	5	603	-	-	-	2,700	1,800	(9,640)	(1,805)	-	-
Total revenue	40,443	50,855	12,360	35,834	60,321	43,542	2,700	1,800	(9,640)	(1,805)	106,184	130,226
Segment profit/(loss) (Note A)	2,555	843	205	2,437	(926)	1,592	(605)	(38)	-	247	1,229	5,081

Note A

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

	30 June 2013	30 June 2012
	RM'000	RM'000
Segment profit	3,216	5,829
Finance costs	(1,782)	(754)
Unallocated corporate expenses	(205)	6
Profit before tax	1,229	5,081



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

4. Segment information (contd.)

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

- (a) The sale of power cables and conductors segment supplies power cables and conductors components to consumers.
- (b) The sale of galvanised steel products and transmission tower segment supplies galvanised steel products and transmission towers. It also offers galvanising services.
- (c) The contract revenue segment involves supply, installation and commissioning of transmission line projects.
- (d) The corporate segment is involved in Group-level corporate and management services.

There have been no material changes in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Power cable and conductors

The sale of power cables and conductors segment contributed 32% (30 June 2012: 39%) of the revenue of the Group.

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

Although segment revenue of RM 34.1 million for the second quarter of 2013 decreased when compared to RM 50.9 million for the corresponding quarter in 2012, the segment profit of RM 2.5 million for the second quarter of 2013 has improved when compared to corresponding quarter of 2012 due to improved gross profit margin and better cost management. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

As the Group has strong market presence in East Malaysia, the Group remains positive that with our business strategies in place, the Group expects revenue and profits for this segment to improve.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 11% (30 June 2012: 28%) of the revenue of the Group.

The Group’s subsidiary whose sales and services are in this segment, concentrates mainly in East Malaysia. The subsidiary is the leading and one of the established galvanisers in the State of Sarawak.



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4. Segment information (contd.)

Galvanised steel products and transmission tower (contd.)

Segment revenue of RM 11.8 million for the second quarter of 2013 declined when compared to RM 35.8 million for the corresponding quarter in 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

Operating profit for this segment of RM 0.2 million has decreased by 92% as compared to RM 2.4 million in the corresponding quarter of 2012.

Market demand for products under this segment has been relatively weak in the first half of 2013. However, the Group is confident and remains positive that demand for galvanised steel products and transmission tower will continue to improve in the coming months.

Contract revenue

The contract revenue segment is one of the Group’s main source of revenue, contributing 57% (30 June 2012: 33%) of the revenue of the Group.

Segment revenue of RM 60.3 million for the second quarter of 2013 increased when compared to RM 43.5 million for the corresponding quarter in 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

Segment results for second quarter of 2013 have declined mainly due to slow progress of current on-going contracts in the first half of 2013 and partly due to amortisation of intangible assets (construction contracts) of RM 1.9 million (see Note 10).

The Group remains positive that performance for this segment will continue to improve with the Group’s development plans for the power transmission industry, which includes expanding market coverage from the State of Sarawak to Peninsular Malaysia and to the State of Sabah.

Corporate

The corporate segment provides management services to its subsidiaries.

Consolidated profit before tax

The Group incurred a current quarter loss before tax of RM 0.5 million (30 June 2012: profit of RM 1.9 million).

Administrative and Other operating expenses have increased by 68% and 174% respectively compared to the corresponding quarter of 2012 principally due to inclusion of expenses of a subsidiary which was acquired in the third quarter of 2012.

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



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5. Seasonality of operations

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

6. Profit before tax

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Accretion of finance lease	(11)	-	(24)	-
Accretion of long term retention sum	(375)	-	(750)	-
Additional/(reversal) of allowance for impairment loss of trade receivables	221	(211)	(52)	27
Additional/(reversal) of amortisation of trade payables	191	(4)	245	(4)
Amortisation of intangible assets	1,017	-	1,926	-
Amortisation of prepaid lease payment	60	54	119	107
Bad debts recovered	(19)	-	(25)	-
Depreciation of property, plant and equipment	1,930	1,284	4,752	2,650
Loss/(gain) on disposal of property, plant and equipment	16	(7)	(36)	(7)
Interest expense	1,073	350	1,782	754
Interest income	(132)	-	(141)	(42)
Inventories written off	-	-	5	-
Property, plant and equipment written off	-	-	-	74

7. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Malaysian taxation				
Current year	307	409	1,023	1,081
Deferred tax	(370)	277	(638)	300
	<u>(63)</u>	<u>686</u>	<u>385</u>	<u>1,381</u>

The effective interest tax rate for the current interim period is slightly lower than the statutory tax rate principally due to recognition of deferred tax assets arising from unutilised tax losses of a subsidiary company.

While the effective tax rate for the corresponding interim period ended 30 June 2012 was lower than the statutory tax rate mainly due to utilisation of capital allowances.



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8. Earnings per share

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

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

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

	Current year quarter		Current year to date	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	<u>(436)</u>	<u>1,163</u>	<u>868</u>	<u>2,868</u>
Weighted average number of ordinary shares in issue ('000)	<u>155,250</u>	<u>135,000</u>	<u>155,250</u>	<u>135,000</u>
Basic (loss)/earnings per share (sen per share)	<u>(0.28)</u>	<u>0.86</u>	<u>0.56</u>	<u>2.12</u>
Diluted (loss)/earnings per share (sen per share)	<u>(0.28)</u>	<u>0.86</u>	<u>0.56</u>	<u>2.12</u>

9. Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired assets at the cost of RM2.9 million (30 June 2012: RM1.5 million).

10. Intangible assets

	Note	Goodwill	Construction contracts	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2012		-	-	-	-
Acquisition of subsidiary companies		<u>24,051</u>	<u>9,917</u>	<u>2,510</u>	<u>36,478</u>
At 31 December 2012		<u>24,051</u>	<u>9,917</u>	<u>2,510</u>	<u>36,478</u>
Accumulated amortisation:					
At 1 January 2012		-	-	-	-
Amortisation		<u>-</u>	<u>3,239</u>	<u>-</u>	<u>3,239</u>
At 31 December 2012		<u>-</u>	<u>3,239</u>	<u>-</u>	<u>3,239</u>
Amortisation	6	<u>-</u>	<u>1,926</u>	<u>-</u>	<u>1,926</u>
At 30 June 2013		<u>-</u>	<u>5,165</u>	<u>-</u>	<u>5,165</u>
Net carrying amount:					
At 31 December 2012		<u>24,051</u>	<u>6,678</u>	<u>2,510</u>	<u>33,239</u>
At 30 June 2013		<u>24,051</u>	<u>4,752</u>	<u>2,510</u>	<u>31,313</u>



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10. Intangible assets (contd.)

Goodwill

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

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

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

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

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

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

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

Construction contracts

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

Power purchase agreement

Power purchase agreement relates to an agreement whereby the customer who 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.

11. Cash and cash equivalents

	30 June 2013	31 December 2012
	RM’000	RM’000
Cash in hand and at banks	4,782	10,511
Deposit with licensed banks	12,220	19,790
Cash and bank balances	<u>17,002</u>	<u>30,301</u>



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11. Cash and cash equivalents (contd.)

For the purpose of the statement of cash flow, cash and cash equivalents comprised the following amounts:

	30 June 2013	31 December 2012
	RM'000	RM'000
Cash in hand and at banks	4,782	10,511
Deposit with licensed banks	-	3,863
Borrowings – bank overdraft	-	(868)
Total cash and cash equivalents	<u>4,782</u>	<u>13,506</u>

12. Interest-bearing loans and borrowings

	30 June 2013	31 December 2012
	RM'000	RM'000
Short term borrowings		
Secured	34,985	39,789
Unsecured	37,037	51,745
	<u>72,022</u>	<u>91,534</u>
Long term borrowings		
Secured	<u>28,328</u>	<u>32,107</u>
	<u>100,350</u>	<u>123,641</u>

13. Dividends

The Board of Directors declared a final single tier dividend of 2.5 sen (30 June 2012: first and final dividend of 2.5 sen) per ordinary share in respect of the financial year ending 31 December 2012. The dividend was paid on 26 July 2013 to depositors whose names appear in the Record of Depositors on 5 July 2013.

14. Commitments

	30 June 2013	31 December 2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	362	240
Approved but not contracted for:		
Property, plant and equipment	13,362	13,468
	<u>13,724</u>	<u>13,708</u>

15. Contingencies

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013

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

16. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six month period ended 30 June 2013 and 30 June 2012 as well as the balances with the related parties as at 30 June 2013 and 31 December 2012:

		June		June/December	
		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2013	3,558	-	20,642	-
	2012	46,267	-	36,497	-
Syarikat SESCO Berhad	2013	5,018	-	1,433	-
	2012	6,905	-	5,668	-
Transactions with subsidiaries of Hng Capital Sdn Bhd					
Alpha Industries Sdn. Bhd.	2013	-	5,564	-	474
	2012	-	3,680	-	1,015
Leader Universal Aluminium Sdn. Bhd.	2013	-	11,179	-	16
	2012	-	5,160	-	987
Leader Cable Industrial Bhd	2013	-	4,160	-	-
	2012	-	-	-	-
Universal Cable (M) Berhad	2013	-	1,567	-	1,199
	2012	-	6,722	-	699
Austin Corp. (Malaysia) Sdn. Bhd.	2013	-	1,588	-	967
	2012	-	907	-	1,563

17. Review of performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note 4.

18. Comment on material change in profit before taxation

The profit before taxation for the quarter ended 30 June 2013 is 129% lower than the immediate preceding quarter mainly due to a slow start for all business segment of the Group in the current quarter as explained in Note 4.



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

19. Commentary on prospects

Despite a slow start for year 2013, the Group remains confident that barring any unforeseen circumstances, the Group will reflect improving performance and growth in the second half of 2013.

20. Profit forecast or profit guarantee

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

21. Corporate proposals

Status of corporate proposal – Proposed rights and bonus issue (“Proposals”)

On 4 April 2013, the Company made an announcement in relation to implementing the followings:

- (a) a renounceable rights issue of 77,625,000 new ordinary shares of RM0.50 each ("**Rights Shares**") at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.50 each ("**Shares**") held in the Company at an entitlement date to be determined later after obtaining the approvals from all relevant authorities and shareholders of the Company ("**Proposed Rights Issue**"); and
- (b) (a bonus issue of 46,575,000 new Shares ("**Bonus Shares**") to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) Shares held in the Company after the Proposed Rights Issue at an entitlement date to be determined later ("**Proposed Bonus Issue**").

On 6 May 2013, the Company has submitted the additional listing application and draft circular to shareholders of the Company, in relation to the Proposals for Bursa Malaysia Securities Berhad ("**Bursa Securities**") for clearance.

The Company has obtained approval from Bursa Securities for the Proposals on 20 May 2013.

On 23 May 2013, the Company has dispatched the circular to shareholder to seek shareholders' approval on the Proposals at an Extraordinary General Meeting ("EGM") to be convened on 17 June 2013.

Shareholders' approval was obtained at the EGM on 17 June 2013 and the Rights Issue was completed on 31 July 2013.

The Board of Directors will make an announcement to Bursa Securities today on the Proposed Bonus Issue:

EX date: 10 September 2013
Entitlement date: 12 September 2013

22. Changes in material litigation

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

23. Dividends payable

Please refer to Note 13 for details.

24. Disclosure of nature of outstanding derivatives

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



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

25. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2013 or the previous financial year ended 31 December 2012.

26. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2013 and 31 December 2012.

27. Breakdown of realised and unrealised profits or losses

The breakdown of the revenue reserves of the Group as at 30 June 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 24 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 30 June 2013 RM'000	Previous financial year ended 31 December 2012 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	116,475	114,005
Unrealised	(4,984)	(4,821)
	<u>111,491</u>	<u>109,184</u>
Less: Consolidation adjustments	(31,434)	(29,933)
Revenue reserves as per financial statements	<u>80,057</u>	<u>79,251</u>

28. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

29. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 August 2013.

By order of the Board

Chai Chin Foh
Joint Company Secretary
28 August 2013