



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

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Revenue		40,083	70,694	146,267	200,921
Cost of sales		(35,427)	(62,627)	(129,973)	(182,275)
Gross profit		4,656	8,067	16,294	18,646
Other operating income		1,586	288	3,792	1,521
Administrative expenses		(3,612)	(3,841)	(10,284)	(7,780)
Other operating expenses		(1,401)	(1,262)	(5,563)	(3,300)
Operating profit		1,229	3,252	4,239	9,087
Finance costs		(1,062)	(599)	(2,844)	(1,352)
Profit before tax	6	167	2,653	1,395	7,735
Income tax expense	7	262	(1,426)	(123)	(2,807)
Profit for the period		429	1,227	1,272	4,928
Other comprehensive income					
Exchange differences on translation of foreign operation		(385)	131	(429)	(1)
Other comprehensive income for the period, net of tax		(385)	131	(429)	(1)
Total comprehensive income for the period, net of tax		44	1,358	843	4,927
Profit for the period attributable to:					
to:					
Owners of the parent		451	1,933	1,347	4,933
Non-controlling interests		(22)	(706)	(75)	(5)
		429	1,227	1,272	4,928
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Owners of the parent		216	2,064	1,068	4,932
Non-controlling interests		(172)	(706)	(225)	(5)
		44	1,358	843	4,927
Earnings per share attributable to owners of the parent (sen per share):					
Basic	8	0.18	1.06	0.60	2.70
Diluted	8	0.18	1.06	0.60	2.70

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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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.09.2013 RM'000	31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	60,848	63,776
Intangible assets	10	30,847	33,239
Prepaid land lease payment		7,476	7,655
Long term retention sum		11,082	9,612
Deferred tax assets		853	687
		<u>111,106</u>	<u>114,969</u>
Current assets			
Inventories		53,249	40,834
Trade and other receivables		75,184	93,695
Other current assets		48,357	39,680
Tax recoverable		2,635	-
Cash and bank balances	11	71,643	30,301
		<u>251,068</u>	<u>204,510</u>
Assets classified as held for sale		-	1,664
		<u>251,068</u>	<u>206,174</u>
TOTAL ASSETS		<u><u>362,174</u></u>	<u><u>321,143</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	12	65,798	91,534
Trade and other payables		42,993	36,765
Other current liabilities		188	1,274
Tax payable		358	380
		<u>109,337</u>	<u>129,953</u>
Net current assets		<u>141,731</u>	<u>76,221</u>
Non-current liabilities			
Loans and borrowings	12	20,980	32,107
Deferred tax liabilities		7,275	7,880
		<u>28,255</u>	<u>39,987</u>
Total liabilities		<u>137,592</u>	<u>169,940</u>
Net assets		<u>224,582</u>	<u>151,203</u>
Equity attributable to owners of the parent			
Share capital		139,725	77,625
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		46,345	31,783
Revenue reserves		76,627	79,251
Foreign currency translation reserve		(593)	(314)
		<u>224,804</u>	<u>151,045</u>
Non-controlling interests		(222)	158
Total equity		<u>224,582</u>	<u>151,203</u>
TOTAL EQUITY AND LIABILITIES		<u><u>362,174</u></u>	<u><u>321,143</u></u>
Net assets per share attributable to owners of the parent ^(b) (sen)		80	97

Notes:

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

(b) *Computed based on 279,450,000 (2012: 155,250,000) ordinary shares of RM0.50 each of the parent.*



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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	Revenue reserves RM'000	
At 1 January 2012	132,834	119,825	67,500	(37,300)	10,590	-	79,035	13,009
Total comprehensive income	4,927	4,932	-	-	-	(1)	4,933	(5)
Transactions with owners								
Shares issued for cash	2,975	-	-	-	-	-	-	2,975
Acquisition of a subsidiary company and remaining equity interest in a subsidiary	(10,693)	1,019	-	-	-	-	1,019	(11,712)
Dividends on ordinary shares	(7,250)	(6,750)	-	-	-	-	(6,750)	(500)
At 30 September 2012	<u>122,793</u>	<u>119,026</u>	<u>67,500</u>	<u>(37,300)</u>	<u>10,590</u>	<u>(1)</u>	<u>78,237</u>	<u>3,767</u>
At 1 January 2013	151,203	151,045	77,625	(37,300)	31,783	(314)	79,251	158
Total comprehensive income	843	1,068	-	-	-	(279)	1,347	(225)
Transactions with owners								
Shares issued for cash	77,625	77,625	38,812	-	38,813	-	-	-
Issuance of bonus shares	-	-	23,288	-	(23,288)	-	-	-
Shares issuance expenses	(963)	(963)	-	-	(963)	-	-	-
Acquisition of remaining equity Interest in a subsidiary	(245)	(90)	-	-	-	-	(90)	(155)
Dividends on ordinary shares	(3,881)	(3,881)	-	-	-	-	(3,881)	-
At 30 September 2013	<u>224,582</u>	<u>224,804</u>	<u>139,725</u>	<u>(37,300)</u>	<u>46,345</u>	<u>(593)</u>	<u>76,627</u>	<u>(222)</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 SEPTEMBER 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date	Preceding year corresponding period
	30.09.2013 RM'000	30.09.2012 RM'000
Note		
Operating activities		
Profit before tax	1,395	7,735
Adjustments for:		
Accretion of interest on finance lease	(35)	-
Accretion of long term retention sum	(1,125)	-
Additional /(reversal) for amortisation of trade payables	245	(260)
Amortisation of intangible assets	2,392	-
Amortisation of prepaid land lease payment	179	160
Bad debts recovered	(179)	-
Depreciation of property, plant and equipment	6,615	4,558
Gain on disposal of property, plant and equipment	(1)	(97)
Interest expense	2,844	1,352
Interest income	(574)	(71)
Inventories written off	5	-
(Reversal)/additional allowance for impairment loss of trade receivables	(98)	27
Operating cash flows before working capital changes	11,663	13,404
Changes in working capital:		
Increase in deposits with licensed bank pledged for borrowings	8,262	-
Increase in inventories	(12,420)	(4,472)
Decrease in trade and other receivables	17,927	79,289
(Increase)/decrease in other current assets	(8,677)	20,282
Increase/(decrease) in trade and other payables	5,983	(103,256)
(Decrease)/increase in other current liabilities	(1,086)	72,147
Total changes in working capital	9,989	63,990
Cash from operations	21,652	77,394
Interest received	574	71
Interest paid	(2,844)	(1,352)
Income taxes paid	(3,463)	(4,670)
Net cash from operating activities	15,919	71,443
Investing activities		
Acquisition of subsidiary company, net of cash outflow	-	(47,157)
Acquisition of non-controlling interests	(245)	(11,313)
Purchase of property, plant and equipment	(3,848)	(3,813)
Proceeds from disposal of property, plant and equipment	1,826	90
Net cash used in investing activities	(2,267)	(62,193)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current year to date 30.09.2013 RM'000	Preceding year corresponding period 30.09.2012 RM'000
Financing activities			
Dividend paid on ordinary shares		(3,881)	(7,250)
Proceeds from issuance of ordinary shares		77,625	2,975
Share issuance expenses		(963)	-
(Repayment)/proceeds from borrowings		(35,960)	7,278
Repayment of obligation under finance lease		-	(124)
Net cash from financing activities		<u>36,821</u>	<u>2,879</u>
Net increase in cash and cash equivalents		50,473	12,129
Effects on exchange rate changes on cash and cash equivalents		-	(1)
Cash and cash equivalents at beginning of period		<u>13,506</u>	<u>9,488</u>
Cash and cash equivalents at end of period		<u><u>63,979</u></u>	<u><u>21,616</u></u>
Cash and cash equivalents comprise the following:			
Cash and bank balances		6,588	20,538
Deposit with licensed banks		<u>57,391</u>	<u>1,078</u>
Cash and cash equivalents	11	<u><u>63,979</u></u>	<u><u>21,616</u></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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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 20 November 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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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 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Revenue												
Sales to external customers	51,606	71,559	17,317	51,446	77,344	77,916	-	-	-	-	146,267	200,921
Inter-segment sales	6,350	8	611	31	-	2,591	9,050	8,200	(16,011)	(10,830)	-	-
Total revenue	57,956	71,567	17,928	51,477	77,344	80,507	9,050	8,200	(16,011)	(10,830)	146,267	200,921
Segment profit/(loss) (Note A)	3,819	1,236	40	2,202	(1,758)	4,845	(706)	5,017	-	(5,565)	1,395	7,735

Note A

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

	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Segment profit	4,544	9,092
Finance costs	(2,844)	(1,352)
Unallocated corporate expenses	(305)	(5)
Profit before tax	1,395	7,735



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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 40% (30 September 2012: 36%) of the revenue of the Group.

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

Although segment revenue of RM 57.9 million for the third quarter of 2013 decreased when compared to RM 71.6 million for the corresponding quarter in 2012, the segment profit of RM 3.8 million for the third 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 growth in the coming months.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 12% (30 September 2012: 26%) 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 17.3 million for the third quarter of 2013 declined when compared to RM 51.5 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 0.04 million has decreased by 98% as compared to RM 2.2 million in the corresponding quarter of 2012.

Market demand for products under this segment has been relatively weak in the nine months ended 30 September 2013. However, the Group is confident and remains positive that demand for galvanised steel products and transmission tower will improve.

Contract revenue

The contract revenue segment is one of the Group’s main source of revenue, contributing 53% (30 September 2012: 39%) of the revenue of the Group.

Segment revenue of RM 77.3 million for the third quarter of 2013 decreased when compared to RM 77.9 million for the corresponding quarter in 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

Segment results for third quarter of 2013 have declined mainly due to slow progress of current on-going contracts in the cumulative third quarter of 2013 and partly due to amortisation of intangible assets (construction contracts) of RM 2.4 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 cumulative third quarter profit before tax of RM 1.4 million (30 September 2012: profit of RM 7.7 million).

Administrative and Other operating expenses have increased by 32% and 69% respectively compared to the corresponding quarter of 2012 principally due to expenses arising from amortisation of intangible assets (construction contracts) of RM 2.4 million (see Note 10) and additional depreciation on property, plant and equipment of a subsidiary which was acquired at fair value 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 9 months ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Accretion of finance lease	(11)	-	(35)	-
Accretion of long term retention sum	(375)	-	(1,125)	-
Amortisation of intangible assets	466	-	2,392	-
Amortisation of prepaid lease payment	60	53	179	160
Bad debts recovered	(154)	-	(179)	-
Depreciation of property, plant and equipment	1,863	1,908	6,615	4,558
Interest expense	1,062	598	2,844	1,352
Interest income	(433)	(29)	(574)	(71)
Inventories written off	5	-	5	-
Loss/(gain) on disposal of property, plant and equipment	35	(90)	(1)	(97)
(Reversal)/additional of allowance for impairment loss of trade receivables	(48)	-	(98)	27
(Reversal)/additional of amortisation of trade payables	-	(256)	245	(260)

7. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Malaysian taxation				
Current year	226	976	1,249	2,057
(Over)/under provision of income tax in respect of previous years	(445)	386	(445)	386
Deferred tax	(43)	64	(681)	364
	<u>(262)</u>	<u>1,426</u>	<u>123</u>	<u>2,807</u>

The effective interest tax rate for the current and cumulative third quarter is lower than the statutory tax rate principally due to recognition of deferred tax assets arising from unutilised tax losses of a subsidiary company and over -provision of income tax in previous years.

While the effective tax rate for the cumulative corresponding period ended 30 September 2012 was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.



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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 September 2013	30 September 2012	30 September 2013	30 September 2012
Profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	451	1,933	1,347	4,933
Number of ordinary shares in issue at the beginning of period ('000)	155,250	135,000	155,250	135,000
Effects of dilution:				
- Rights Issue ('000)	60,047	20,625	35,961	20,625
- Bonus Issue ('000)	41,512	27,000	34,576	27,000
Weighted average number of ordinary shares in issue ('000)	256,809	182,625	225,787	182,625
Basic earnings per share (sen per share)	0.18	1.06	0.60	2.70
Diluted earnings per share (sen per share)	0.18	1.06	0.60	2.70

9. Property, plant and equipment

During the nine months ended 30 September 2013, the Group acquired assets at the cost of RM3.8 million (30 September 2012: RM3.8 million).

10. Intangible assets

	Note	Goodwill	Construction contracts	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2012		-	-	-	-
Acquisition of subsidiary companies		24,051	9,917	2,510	36,478
At 31 December 2012 and 30 September 2013		24,051	9,917	2,510	36,478
Accumulated amortisation:					
At 1 January 2012		-	-	-	-
Amortisation		-	3,239	-	3,239
At 31 December 2012		-	3,239	-	3,239
Amortisation	6	-	2,392	-	2,392
At 30 September 2013		-	5,631	-	5,631
Net carrying amount:					
At 31 December 2012		24,051	6,678	2,510	33,239
At 30 September 2013		24,051	4,286	2,510	30,847



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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 September 2013 RM’000	31 December 2012 RM’000
Cash in hand and at banks	6,588	10,511
Deposits with licensed banks	65,055	19,790
Cash and bank balances	<u>71,643</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 September 2013 RM'000	31 December 2012 RM'000
Cash in hand and at banks	6,588	10,511
Deposits with licensed banks	57,391	3,863
Borrowings – bank overdraft	-	(868)
Total cash and cash equivalents	63,979	13,506

12. Interest-bearing loans and borrowings

	30 September 2013 RM'000	31 December 2012 RM'000
Short term borrowings		
Secured	33,403	39,789
Unsecured	32,395	51,745
	65,798	91,534
Long term borrowings		
Secured	19,600	32,107
Unsecured	1,380	-
	20,980	32,107
	86,778	123,641

13. Dividends

A final single tier dividend of 2.5 sen (30 September 2012: final single tier dividend of 2.5 sen) per ordinary share in respect of the financial year ending 31 December 2012 was paid on 26 July 2013 to depositors whose names appear in the Record of Depositors on 5 July 2013.

14. Commitments

	30 September 2013 RM'000	31 December 2012 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	126,210	240
Approved but not contracted for:		
Property, plant and equipment	13,202	13,468
	139,412	13,708

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 SEPTEMBER 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 nine month period ended 30 September 2013 and 30 September 2012 as well as the balances with the related parties as at 30 September 2013 and 31 December 2012:

		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	2013	5,020	-	20,627	-
	2012	51,623	-	36,497	-
Syarikat SESCO Berhad	2013	5,801	5	626	-
	2012	10,719	8	5,668	-
Transactions with subsidiaries of Hng Capital Sdn Bhd					
Alpha Industries Sdn. Bhd.	2013	-	10,813	-	3,399
	2012	-	10,217	-	1,015
Leader Universal Aluminium Sdn. Bhd.	2013	-	13,890	-	21
	2012	-	7,108	-	987
Leader Cable Industrial Bhd	2013	-	4,160	-	-
	2012	-	-	-	-
Universal Cable (M) Berhad	2013	-	2,271	-	654
	2012	-	9,667	-	699
Austin Corp. (Malaysia) Sdn. Bhd.	2013	-	1,662	-	950
	2012	-	1,688	-	1,563
Larico Group	2013	-	9,073	-	10,088

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 September 2013 is higher than the immediate preceding quarter mainly due to an improved performance of power cables and conductor segment.



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19. Commentary on prospects

The Group anticipates continuous growth in the final quarter of financial year ending 2013.

20. Profit forecast or profit guarantee

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

21. Corporate proposals

(a) Status of corporate proposal – rights and bonus issue

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

- (i) 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 ("**Rights Issue**"); and
- (ii) 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 ("**Bonus Issue**").

The Rights Issue and Bonus Issue was completed on 31 July 2013 and 13 September 2013 respectively.

(b) Status of utilisation of proceeds

The gross proceeds from issuance of 77,625,000 rights shares at an issue price of RM 1.00 per rights share of approximately RM 77.63 million have been/shall be utilised in the following manner:

	Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from date of rights issue completion	Explanation
		RM'000	RM'000	RM'000	RM'000		
(i)	Working capital and capital expenditure	66,625	(14,926)	37	51,736	Within months	24 RM14.9 million was utilised.
(ii)	Repayment of bank borrowings	10,000	(5,230)	-	4,770	Within months	6 RM 5.2 million was utilised.
(iii)	Estimated expenses	1,000	(963)	(37)	-	Within month	1 RM 0.9 million was utilised.
		<u>77,625</u>	<u>(21,119)</u>		<u>56,506</u>		

22. Changes in material litigation

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



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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.

25. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 September 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 September 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 September 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 September 2013 RM'000	Previous financial year ended 31 December 2012 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	113,385	114,005
Unrealised	(5,022)	(4,821)
	<u>108,363</u>	<u>109,184</u>
Less: Consolidation adjustments	(31,736)	(29,933)
Revenue reserves as per financial statements	<u><u>76,627</u></u>	<u><u>79,251</u></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 20 November 2013.

By order of the Board

Chai Chin Foh
 Joint Company Secretary
 20 November 2013