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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Current quarter 3 months ended		**Cumulative quarter 12 months ended**	
	Note	**31.12.2013 RM'000**	**31.12.2012 RM'000**	**31.12.2013 RM'000**	**31.12.2012 RM'000**
Revenue		62,444	67,657	208,711	268,578
Cost of sales		(53,738)	(61,037)	(183,711)	(243,312)
Gross profit		8,706	6,620	25,000	25,266
Other operating income		2,301	5,959	6,093	7,480
Administrative expenses		(4,162)	(4,979)	(14,446)	(12,759)
Other operating expenses		(3,685)	(5,214)	(9,248)	(8,514)
Operating profit		3,160	2,386	7,399	11,473
Finance costs		(1,198)	(409)	(4,042)	(1,761)
Profit before tax	6	1,962	1,977	3,357	9,712
Income tax expense	7	(2,432)	(1,065)	(2,555)	(3,872)
(Loss)/profit for the period		(470)	912	802	5,840
Other comprehensive income					
Exchange differences on translation of foreign operation		(310)	(313)	(739)	(314)
Other comprehensive income for the period, net of tax		(310)	(313)	(739)	(314)
Total comprehensive (loss)/income for the period, net of tax		(780)	599	63	5,526
(Loss)/profit for the period attributable to:					
Owners of the parent		(437)	1,014	910	5,947
Non-controlling interests		(33)	(102)	(108)	(107)
		(470)	912	802	5,840
Total comprehensive (loss)/income for the period, net of tax attributable to:					
Owners of the parent		(543)	870	525	5,802
Non-controlling interests		(237)	(271)	(462)	(276)
		(780)	599	63	5,526
(Loss)/earnings per share attributable to owners of the parent (sen per share):					
Basic	8	(0.14)	0.52	0.41	3.21
Diluted	8	(0.14)	0.52	0.41	3.21

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 YEAR ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2013 RM'000	31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	63,515	63,776
Intangible assets	10	29,104	33,239
Prepaid land lease payment		7,416	7,655
Deferred tax assets		-	687
Other assets		33,403	9,612
		133,438	114,969
Current assets			
Inventories		45,096	40,834
Trade and other receivables		74,995	93,695
Other current assets		49,125	39,680
Tax recoverable		1,905	-
Cash and bank balances	11	68,983	30,301
		240,104	204,510
Assets held for sale		-	1,664
		240,104	206,174
TOTAL ASSETS		373,542	321,143
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	12	82,243	91,534
Trade and other payables		56,942	36,765
Other current liabilities		1,341	1,274
Income tax payable		490	380
		141,016	129,953
Net current assets		99,088	76,221
Non-current liabilities			
Loans and borrowings	12	1,174	32,107
Deferred tax liabilities		7,717	7,880
		8,891	39,987
Total liabilities		149,907	169,940
Net assets		223,635	151,203
Equity attributable to owners of the Company			
Share capital		139,725	77,625
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		46,354	31,783
Foreign currency translation reserves		(1,236)	(314)
Revenue reserves		76,071	79,251
		223,614	151,045
Non-controlling interests		21	158
Total equity		223,635	151,203
TOTAL EQUITY AND LIABILITIES		373,542	321,143
Net assets per share attributable to owners of the Company[(b)] (sen)		80	82

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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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent							
					Non-distributable			Distributable	
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Reverse acquisition reserve RM'000	Share premium RM'000	Revaluation reserves RM'000	Foreign currency translation reserve RM'000	Revenue reserves RM'000	Non-controlling interests RM'000
At 1 January 2012	132,834	119,825	67,500	(37,300)	10,590	452	-	78,583	13,009
Effect of transition to MFRS	-	-	-	-	-	(452)	-	452	-
As restated	132,834	119,825	67,500	(37,300)	10,590	-	-	79,035	13,009
Total comprehensive income	5,526	5,633	-	-	-	-	(314)	5,947	(107)
	138,360	125,458	67,500	(37,300)	10,590	-	(314)	84,982	12,902
Transactions with owners									
Acquisition of subsidiary	88	-	-	-	-	-	-	-	88
Acquisition of remaining equity interest in a subsidiary	(11,313)	1,019	-	-	-	-	-	1,019	(12,332)
Shares issued for cash	32,501	32,501	10,125	-	22,376	-	-	-	-
Shares issuance expenses	(1,183)	(1,183)	-	-	(1,183)	-	-	-	-
Dividends on ordinary shares	(6,750)	(6,750)	-	-	-	-	-	(6,750)	-
Dividends paid to non-controlling interest	(500)	-	-	-	-	-	-	-	(500)
At 31 December 2012	151,203	151,045	77,625	(37,300)	31,783	-	(314)	79,251	158

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)

		Attributable to owners of the parent							
					Non-distributable			Distributable	
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Reverse acquisition reserve RM'000	Share premium RM'000	Revaluation reserves RM'000	Foreign currency translation reserve RM'000	Revenue reserves RM'000	Non-controlling interests RM'000
At 1 January 2013	151,203	151,045	77,625	(37,300)	31,783	-	(314)	79,251	158
Total comprehensive income	63	171	-	-	-	-	(739)	910	(108)
Transactions with owners									
Acquisition of additional equity interest in subsidiaries	(421)	(392)	-	-	-	-	(183)	(209)	(29)
Shares issued for cash	77,625	77,625	38,812	-	38,813	-	-	-	-
Issuance of bonus shares	-	-	23,288	-	(23,288)	-	-	-	-
Shares issuance expenses	(954)	(954)	-	-	(954)	-	-	-	-
Dividends on ordinary shares	(3,881)	(3,881)	-	-	-	-	-	(3,881)	-
At 31 December 2013	223,635	223,614	139,725	(37,300)	46,354	-	(1,236)	76,071	21

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 YEAR ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current year to date 31.12.2013 RM'000	Preceding year corresponding period 31.12.2012 RM'000
Operating activities			
Profit before tax		3,357	9,712
Adjustments for:			
Accretion of finance lease		(50)	(21)
Accretion of long term retention sum		(1,500)	(625)
Amortisation of intangible assets	10	4,135	3,239
Amortisation of prepaid land lease payment		238	212
Addition/(reversal) of amortisation of trade payables		282	(455)
Bad debt (recovered)/ written off		(101)	2
Depreciation of property, plant and equipment		8,464	6,482
Gain on bargain purchase		-	(913)
Gain on disposal of property, plant and equipment		8	(104)
Interest expense		4,042	1,761
Interest income		(1,154)	(1,108)
Inventories written off		46	261
Loss/(gain) on disposal of assets held for sale		79	(97)
(Reversal)/ provision for inventories obsolescence		(270)	281
Allowance for impairment loss of trade receivables		19	986
Unrealised loss on foreign exchange		-	2
Operating cash flows before working capital changes		17,595	19,615
Changes in working capital:			
Increase in deposits pledged for borrowings		15,927	475
Increase in inventories		(4,038)	(9,043)
Decrease in trade and other receivables		22,793	107,750
Increase in other current assets		(9,445)	(8,965)
Increase/(decrease) in trade and other payables		19,895	(94,317)
Increase/(decrease) in other current liabilities		67	(18,180)
Total changes in working capital		45,199	(22,280)
Cash from/ (used in) operations		62,794	(2,665)
Interest received		1,154	1,108
Interest paid		(4,042)	(1,761)
Income taxes paid		(3,822)	(4,956)
Net cash from/(used in) operating activities		56,084	(8,274)
Investing activities			
Acquisition of subsidiaries, net of cash outflows		-	(68,210)
Acquisition of other assets		(26,302)	-
Purchase of property, plant and equipment		(8,452)	(4,493)
Proceeds from disposal of property, plant and equipment		241	128
Proceeds from disposal of assets held for sale		1,585	930
Acquisition of non-controlling interests		(242)	(11,313)
Net cash used in investing activities		(33,170)	(82,958)

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current year to date 31.12.2013 RM'000	Preceding year corresponding period 31.12.2012 RM'000
Financing activities			
Dividend paid on ordinary shares		(3,881)	(6,750)
Dividends paid to non-controlling interests		-	(500)
Proceeds from issuance of ordinary shares		77,625	32,501
Share issuance expenses		(954)	(1,183)
(Repayment)/proceeds from borrowings		(39,306)	71,182
Net cash from financing activities		33,484	95,250
Net increase in cash and cash equivalents		56,398	4,018
Effects on exchange rate changes on cash and cash equivalents		(921)	-
Cash and cash equivalents at 1 January		13,506	9,488
Cash and cash equivalents at 31 December		68,983	13,506
Cash and cash equivalents comprise the following:			
Cash in hand and at banks		17,231	10,511
Deposit with licensed banks		51,752	3,863
Borrowings – bank overdraft		-	(868)
Cash and cash equivalents	11	68,983	13,506

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 YEAR ENDED 31 DECEMBER 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 February 2014.

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.

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		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Revenue														
External customers	75,960	93,713	30,107	58,735	102,644	116,130	-	-	208,711	268,578	-	-	208,711	268,578
Inter-segment	6,362	16,191	611	278	-	5,181	10,400	9,250	17,373	30,900	(17,373)	(30,900)	-	-
Total revenue	82,322	109,904	30,718	59,013	102,644	121,311	10,400	9,250	226,084	299,478	(17,373)	(30,900)	208,711	268,578
Segment profit/(loss)	5,356	3,706	1,613	4,122	(1,452)	7,426	(2,160)	(5,542)	3,357	9,712	-	-	3,357	9,712

Note A

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

	31 December 2013 RM'000	31 December 2012 RM'000
Segment profit	7,861	11,682
Finance costs	(4,042)	(1,589)
Unallocated corporate expenses	(462)	(381)
Profit before tax	3,357	9,712

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 36% (31 December 2012: 35%) of the revenue of the Group and is the main contributor to the Group's operating profit in 2013.

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

Although the segment revenue of RM 75.9 million for the fourth quarter of 2013 declined when compared to RM 93.7 million for the corresponding quarter in 2012, the segment profit of RM 5.4 million for the fourth 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 remains positive that the strengthening economy and anticipated plans by the State of Sarawak under its utilities and infrastructure sector, the demand for power cables and conductors will continue to grow.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 14% (31 December 2012: 22%) 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.

Operating profit for this segment of RM 1.6 million has decreased by 61% as compared to RM 4.1 million in the corresponding quarter of 2012.

Market demand for products under this segment has been relatively weak in 2013. However, the Group remains confident that with the plans by the State of Sarawak under its utilities and infrastructure sector, the demand for galvanised steel products and transmission tower will continue to improve.

4. Segment information (contd.)

Contract revenue

The contract revenue segment is one of the Group's main source of revenue contributing 49% (31 December 2012: 43%) of the revenue of the Group and is the main contributor to the Group's revenue in 2013.

Segment revenue of RM 102.6 million for the fourth quarter of 2013 decreased when compared to RM 116.1 million for the corresponding quarter in 2012. Operating costs have remained fairly consistent with the corresponding quarter of 2012.

Segment results for fourth quarter of 2013 have declined mainly due to slow progress of current on-going contracts in the cumulative fourth quarter of 2013 and partly due to amortisation of intangible assets (construction contracts) of RM 4.1 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 recorded a current quarter profit before tax of RM 1.9 million (31 December 2012: RM 1.9 million).

Other income in the corresponding quarter of 2012 is higher than that of 2013 primarily due to recovery of bad debts amounting to RM 3.1 million.

Finance costs is higher by 193% compared to the corresponding quarter of 2012 principally due to borrowings for working capital requirements and to finance an acquisition of a subsidiary in 2012.

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

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

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 12 months ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Accretion of finance lease	(15)	(21)	(50)	(21)
Accretion of long term retention sum	(375)	(625)	(1,500)	(625)
Additional/(reversal) of amortisation of trade payables	37	(195)	282	(455)
Allowance/(reversa)l for impairment loss of trade receivables	51	(478)	19	(451)
Amortisation of intangible assets	1,743	3,239	4,135	3,239
Amortisation of prepaid lease payment	59	52	238	212
Bad debts written off/(recovered)	78	2	(101)	2
Depreciation of property, plant and equipment	1,849	1,924	8,464	6,482
Interest expense	1,198	409	4,042	1,761
Interest income	(580)	(1,037)	(1,154)	(1,108)
Inventories written off	41	261	46	261
Loss/(gain) on disposal of property, plant and equipment	9	(7)	8	(104)

7. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Malaysian taxation				
Current year	1,197	3,831	2,446	5,888
Under/(over) provision of income tax in respect of previous years	975	120	530	506
Deferred tax	260	(2,886)	(421)	(2,522)
	2,432	1,065	2,555	3,872

The effective tax rate for the current and corresponding reporting quarter and year is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes and due to de-recognition of deferred tax assets of a subsidiary company which is still dormant in the current financial reporting year.

8. Earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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 (loss)/earnings per share is presented as equal to basic (loss)/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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(437)	1,014	910	5,947
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)	101,344	20,625	31,405	20,625
Bonus Issue ('000)	46,575	28,805	37,558	27,455
New Issue ('000)	-	9,245	-	2,330
Weighted average number of ordinary shares in issue ('000)	303,169	193,675	224,213	185,410
Basic (loss)/earnings per share (sen per share)	(0.14)	0.52	0.41	3.21
Diluted (loss)/earnings per share (sen per share)	(0.14)	0.52	0.41	3.21

9. Property, plant and equipment

During the year ended 31 December 2013, the Group acquired assets at the cost of RM8.4 million (31 December 2012: RM4.5 million).

10. Intangible assets

	Note	Goodwill RM'000	Construction contracts RM'000	Power purchase agreement RM'000	Total RM'000
Cost:					
At 1 January 2012		-	-	-	-
Acquisition of subsidiary companies		24,051	9,917	2,510	36,478
At 31 December 2012 and 31 December 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	-	4,135	-	4,135
At 31 December 2013		-	7,374	-	7,374
Net carrying amount:					
At 31 December 2012		24,051	6,678	2,510	33,239
At 31 December 2013		24,051	2,543	2,510	29,104

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.

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 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

Cash and cash equivalents comprised the following amounts:

	31 December 2013 RM'000	**31 December 2012 RM'000**
Cash in hand and at banks	17,231	10,511
Deposit with licensed banks	51,752	3,863
Borrowings – bank overdraft	-	(868)
Total cash and cash equivalents	68,983	13,506

12. Interest-bearing loans and borrowings

	31 December 2013 RM'000	31 December 2012 RM'000
Short term borrowings		
Secured	49,265	51,745
Unsecured	32,978	39,789
	82,243	91,534
Long term borrowings		
Secured	-	32,107
Unsecured	1,174	-
	1,174	32,107
	83,417	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 appeared in the Record of Depositors on 5 July 2013.

14. Commitments

	31 December 2013 RM'000	31 December 2012 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	102,309	240
Approved but not contracted for:		
Property, plant and equipment	11,200	13,468
	113,509	13,708

15. Contingencies

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

16. Related party transactions

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

		December		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	6,191	-	10,720	-
	2012	64,575	-	36,497	-
Syarikat SESCO Berhad	2013	6,924	6	1,194	-
	2012	16,642	8	5,668	-
Transactions with subsidiaries of Leader Universal Holdings Berhad:					
Alpha Industries Sdn. Bhd.	2013	-	14,213	-	1,454
	2012	-	12,290	-	1,015
Leader Universal Aluminium Sdn. Bhd.	2013	-	17,851	-	1
	2012	-	11,470	-	987
Universal Cable (M) Berhad	2013		4,855	-	2,583
	2012	-	10,366	-	699
Leader Cable Industry Sdn. Bhd.	2013	-	5,381	-	269
	2012	-	-	-	-

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 31 December 2013 is higher than the immediate preceding quarter mainly due to an increasing demand for cables, conductors, galvanised steel products and transmission tower segments resulting in higher revenue recorded and increase in other operating income due to reversal of impairment loss of trade receivables.

19. Commentary on prospects

Outlook of utilities and infrastructure sections

The Sarawak Corridor of Renewable Energy ("**SCORE**") is one of the 5 regional development corridors being developed throughout the country. SCORE is a major initiative undertaken to develop the Central Region of Sarawak and transform Sarawak into a developed state by year 2020. It aims to achieve the goals of accelerating the State of Sarawak's economic growth and development, as well as improving the quality of life for the people of Sarawak.

The core of the SCORE is its energy resources (28,000 MW), particularly hydropower (20,000 MW), coal (5,000 MW) and others (3,000 MW). This will allow Sarawak to price its energy competitively and encourage investments in power generation and energy-intensive industries that will act as triggers for the development of a vibrant industrial development in SCORE. The distribution of investment is RM267 billion (80%) in industries and power while RM67 billion (20%) in physical infrastructure, human capital and institutional infrastructure.

(Source: www.sarawakscore.com.my)

One of the National Key Result Areas announced by the Government under the Government Transformation Programme is the improvement to rural basic infrastructure to serve the rural population which includes:

- Providing access to 24-hour electricity to 95% of households in Sabah and Sarawak by 2015. Currently, only 88.7% and 82.7% of households in Sabah and Sarawak respectively are supplied with 24-hour electricity.

- Connecting schools in rural areas to the main grid to reduce their dependence on diesel generators thereby lessening their fuel cost and ensuring that there is a more stable supply of electricity. Hybrid systems will also be used to deliver electricity to rural households.

(Source: www.pemandu.gov.my)

Sarawak Energy Berhad said projections have indicated residential, retail and commercial customers in Sarawak will require 2,000 MW of power while customers in SCORE region will need 6,000 MW by 2030.

Industry players believe the prospects for the power industry are bright as demand for power is poised to grow exponentially over the next few decades. Additionally, continuous interests shown by investors to invest in Sarawak by setting up their operations in the SCORE region will drive more demand for energy in the future.

(Source: www.theborneopost.com)

Group's prospects

With the Government's increased focus on development of rural areas in Malaysia, particularly in Sarawak, under the Government Transformation Programme coupled with the development of heavy industries under SCORE, there is an urgent need to enhance the electricity generation and power distribution capacity in the State to facilitate infrastructural and industrial developments in the years ahead. This will translate into a continuous and strong demand for power cables and conductors, steel products, transmission lines and towers. This augurs well for our Group which has a long track record, capability and capacity to undertake various projects in the power transmission and distribution business.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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

19. Commentary on prospects (contd.)

Group's prospects (contd.)

Our Group's operations include the supply and manufacture of power cables and wires, fabrication of steel structures/towers under its manufacturing division to the construction, installation and commissioning of power transmission and distribution lines under its engineering division. These products and services cover almost the entire value chain of the power transmission and distribution industry and enable our Group to operate as an integrated one-stop manufacturing base and solutions provider. This provides our Group with a strong foundation to further enhance our competitive edge and market position in the power transmission and distribution industry as we are able to provide one-stop in-house products and services to customers at competitive pricing as well as better logistical support to ensure timely completion of projects.

While some of our operations may not have met the Group's target, we believe that our strategy for our future prospects and growth bodes well with the Government's focus on development of the rural areas in the State of Sarawak. Overall, the Group's strategy remains focused on growing its power cables, steel products and contract revenue segments, with a view to achieve improving performance in the financial year ending 31 December 2014.

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 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	(16,610)	(9,963)	40,052	Within 24 months	RM16.6 million was utilised.
(ii)	Repayment of bank borrowings	10,000	(10,000)	10,000	10,000	Within 6 months	RM 10.0 million was utilised.
(iii)	Estimated expenses	1,000	(963)	(37)	-	Within 1 month	RM 0.9 million was utilised.
		77,625	(27,573)		50,052		

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

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 1.5 sen (2012: 2.5 sen) per ordinary share in respect of the financial year ended 31 December 2013, to be paid on a date to be determined later.

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 year ended 31 December 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 31 December 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 31 December 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 31 December 2013 RM'000	**Previous financial year ended 31 December 2012 RM'000**
Total revenue reserves of the Company and its subsidiaries:		
Realised	115,264	114,005
Unrealised	(5,189)	(4,821)
	110,075	109,184
Less: Consolidation adjustments	(34,004)	(29,933)
Revenue reserves as per financial statements	76,071	79,251

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.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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

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 February 2014.

By order of the Board

Chai Chin Foh
Joint Company Secretary
28 February 2014