



SARAWAK CABLE BERHAD

(456400-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue		84,555	47,674	163,764	106,184
Cost of sales		(77,419)	(42,487)	(150,602)	(94,545)
Gross profit		7,136	5,187	13,162	11,639
Other operating income		1,585	968	2,815	2,205
Administrative expenses		(4,630)	(3,364)	(7,279)	(6,671)
Other operating expenses		(1,980)	(2,216)	(3,718)	(4,162)
Operating profit		2,111	575	4,980	3,011
Finance costs		(618)	(1,072)	(1,120)	(1,782)
Profit before tax	6	1,493	(497)	3,860	1,229
Income tax expense	7	(578)	63	(1,589)	(385)
Profit/(loss) for the period		915	(434)	2,271	844
Other comprehensive income					
Exchange differences on translation of foreign operation		(358)	(44)	45	(44)
Other comprehensive income for the period, net of tax		(358)	(44)	45	(44)
Total comprehensive income/(loss) for the period, net of tax		557	(478)	2,316	800
Profit/(loss) for the period attributable to:					
Owners of the parent		943	(407)	2,316	896
Non-controlling interests		(28)	(27)	(45)	(52)
		915	(434)	2,271	844
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Owners of the parent		662	(436)	2,352	868
Non-controlling interests		(105)	(42)	(36)	(68)
		557	(478)	2,316	800
Earnings/(loss) per share attributable to owners of the parent (sen per share):					
Basic	8	0.34	(0.28)	0.83	0.56
Diluted	8	0.34	(0.28)	0.83	0.56

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 2014

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.06.2014 RM'000	31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	100,887	63,515
Intangible assets	10	27,782	29,104
Prepaid land lease payment		7,366	7,416
Other assets		20,705	32,902
		<u>156,740</u>	<u>132,937</u>
Current assets			
Inventories		62,917	45,096
Trade and other receivables		64,636	75,388
Other current assets		64,416	49,401
Tax recoverable		1,929	1,059
Cash and bank balances	11	36,945	68,983
		<u>230,843</u>	<u>239,927</u>
TOTAL ASSETS		<u><u>387,583</u></u>	<u><u>372,864</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	12	63,359	82,132
Trade and other payables		65,978	56,942
Other current liabilities		23,523	1,647
Income tax payable		1,143	490
		<u>154,003</u>	<u>141,211</u>
Net current assets		<u>76,840</u>	<u>98,716</u>
Non-current liabilities			
Loans and borrowings	12	702	1,170
Deferred tax liabilities		6,927	6,848
		<u>7,629</u>	<u>8,018</u>
Total liabilities		<u>161,632</u>	<u>149,229</u>
Net assets		<u>225,951</u>	<u>223,635</u>
Equity attributable to owners of the Company			
Share capital		139,725	139,725
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		46,354	46,354
Foreign currency translation reserves		(1,160)	(1,196)
Revenue reserves		78,442	76,126
		<u>226,061</u>	<u>223,709</u>
Non-controlling interests		(110)	(74)
Total equity		<u>225,951</u>	<u>223,635</u>
TOTAL EQUITY AND LIABILITIES		<u><u>387,583</u></u>	<u><u>372,864</u></u>
Net assets per share attributable to owners of the Company (sen)		81	80

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 2014

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity, total RM'000	Attributable to owners of the parent						Non- controlling interests 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	Foreign currency translation reserve RM'000	Revenue reserves RM'000	
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 non-controlling interest in a subsidiary	(245)	(90)	-	-	-	-	(90)	(155)
At 30 June 2013	151,758	151,823	77,625	(37,300)	31,783	(342)	80,057	(65)
At 1 January 2014	223,635	223,709	139,725	(37,300)	46,354	(1,196)	76,126	(74)
Total comprehensive income	2,316	2,352	-	-	-	36	2,316	(36)
At 30 June 2014	225,951	226,061	139,725	(37,300)	46,354	(1,160)	78,442	(110)

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 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current period to date	Preceding year corresponding period
	30.06.2014	30.06.2013
	RM'000	RM'000
Note		
Operating activities		
Profit before tax	3,860	1,229
Adjustments for:		
Accretion of finance lease	(18)	(24)
Accretion of long term retention sum	(750)	(750)
Amortisation of intangible assets	1,322	1,926
Amortisation of prepaid land lease payment	50	119
Bad debt recovered	(419)	(25)
Depreciation of property, plant and equipment	3,386	4,752
Gain on disposal of property, plant and equipment	(75)	(36)
Interest expense	1,120	1,782
Interest income	(746)	(141)
Inventories (recovered)/written off	(27)	5
Reversal for impairment loss of trade receivables	(313)	(52)
Reversal of amortisation of trade payables	47	245
Operating cash flows before working capital changes	7,437	9,030
Changes in working capital:		
(Decrease)/increase in deposits pledged for borrowings	(158)	3,707
Increase in inventories	(17,794)	(10,054)
Decrease in trade and other receivables	9,104	15,035
Decrease/(increase) in other current assets	6,862	(212)
Increase in trade and other payables	8,988	3,204
Decrease in other current liabilities	-	(555)
Total changes in working capital	7,002	11,125
Cash from operations	14,439	20,155
Interest received	746	141
Interest paid	(1,120)	(1,782)
Income taxes paid	(1,726)	(1,820)
Net cash from operating activities	12,339	16,694
Investing activities		
Acquisition of non-controlling interests	-	(245)
Purchase of property, plant and equipment	(25,433)	(2,971)
Proceeds from disposal of property, plant and equipment	79	196
Net cash used in investing activities	(25,354)	(3,020)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current period to date	Preceding year corresponding period
	30.06.2014	30.06.2013
Note	RM'000	RM'000
Financing activities		
Repayment of borrowings	(19,223)	(22,398)
Net cash used in financing activities	<u>(19,223)</u>	<u>(22,398)</u>
Net decrease in cash and cash equivalents	(32,238)	(8,724)
Effects on exchange rate changes on cash and cash equivalents	42	-
Cash and cash equivalents at 1 January	<u>60,375</u>	<u>13,506</u>
Cash and cash equivalents at 30 June	<u><u>28,179</u></u>	<u><u>4,782</u></u>
Cash and cash equivalents comprise the following:		
Cash in hand and at banks	10,862	4,782
Deposit with licensed banks	<u>26,083</u>	<u>12,220</u>
	36,945	17,002
Deposit pledged	(8,766)	(12,220)
Cash and cash equivalents	<u><u>28,179</u></u>	<u><u>4,782</u></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 2014

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 25 August 2014.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2013 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 2013.

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		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	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														
External customers	35,391	34,106	12,994	11,757	115,379	60,321	-	-	163,764	106,814	-	-	163,764	106,814
Inter-segment	2,355	6,337	13,033	603	-	-	2,700	2,700	18,088	9,640	(18,088)	(9,640)	-	-
Total revenue	37,746	40,443	26,027	12,360	115,379	60,321	2,700	2,700	181,852	116,454	(18,088)	(9,640)	163,764	106,814
Segment profit/(loss)	1,976	2,555	1,024	205	914	(926)	(54)	(605)	3,860	1,229	-	-	3,860	1,229

Note A

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

	30 June 2014	30 June 2013
	RM'000	RM'000
Segment profit	5,308	3,216
Finance costs	(1,120)	(1,782)
Unallocated corporate expenses	(328)	(205)
Profit before tax	3,860	1,229



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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 22% (30 June 2013: 32%) of the revenue of the Group and is one of the main contributor to the Group’s operating profit in 2014.

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

The segment revenue of RM 35.4 million for the second quarter of 2014 increased when compared to RM 34.1 million for the corresponding quarter in 2013. The segment profit of RM 2.0 million for the second quarter of 2014 has declined when compared to corresponding quarter of 2013 and the slight decline is due to lower margin earned from sales of trading cables. Operating costs have remained fairly consistent with the corresponding quarter of 2013.

The Group is positive that 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 8% (30 June 2013: 11%) 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 1.0 million has increased by 400% as compared to RM 0.2 million in the corresponding quarter of 2013. Included in this segment result is depreciation of assets which was carried at fair value upon acquisition of subsidiary in this business segment. In the second quarter of 2014, these assets have been fully depreciated leading to a higher segment profit recognised.

Market demand for products under this segment has shown improvement and the Group is confident that the demand for galvanised steel products and transmission tower will continue to improve.



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4. Segment information (contd.)

Contract revenue

The contract revenue segment is the Group’s main source of revenue contributing 70% (30 June 2013: 57%) of the revenue of the Group.

Segment revenue of RM 115.4 million for the second quarter of 2014 increased when compared to RM 60.3 million for the corresponding quarter in 2013. Operating costs have remained fairly consistent with the corresponding quarter of 2013.

Segment results for second quarter of 2014 have increased when compared to corresponding quarter in 2013 mainly due to considerable progress of current on-going contracts and partly due to lower depreciation arising from certain assets carried at fair value but were fully depreciated by the second quarter of 2014.

The Group remains positive that performance for this segment will continue to improve with the Group’s development plans for the power transmission industry.

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 3.9 million (30 June 2013: RM 1.2 million), which is 214% higher than 2013 principally due to improved results from steel and contract segment as explained above.

Administrative expenses is higher compared to corresponding quarter of 2013 primarily due to legal fee and stamp duty incurred for acquisition of certain property, plant and equipment as well as under provision of director fees in certain subsidiaries.

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 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Accretion of finance lease	(9)	(11)	(18)	(24)
Accretion of long term retention sum	(375)	(375)	(750)	(750)
Amortisation of intangible assets	662	1,017	1,322	1,926
Amortisation of prepaid lease payment	50	60	50	119
Bad debts recovered	(349)	(19)	(419)	(25)
Depreciation of property, plant and equipment	1,765	1,930	3,386	4,752
Gain/(loss) on disposal of property, plant and equipment	(28)	16	(75)	(36)
Interest expense	618	1,073	1,120	1,782
Interest income	(412)	(132)	(746)	(141)
Inventories (recovered)/written off	(51)	-	(27)	5
Reversal of amortization of trade payables	175	191	47	245
(Reversal)/additional for impairment loss of trade receivables	(475)	221	(313)	(52)

7. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Malaysian taxation				
Current year	627	307	1,508	1,023
Under provision of income tax in respect of previous years	133	-	133	-
Deferred tax	(182)	(370)	(52)	(638)
	<u>578</u>	<u>(63)</u>	<u>1,589</u>	<u>385</u>

The effective tax rate for the current reporting quarter is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

While the effective tax rate for the corresponding interim period ended 30 June 2013 was lower than the statutory tax rate principally due to recognition of deferred tax assets arising from unutilised tax losses of a subsidiary.



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

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 2014	30 June 2013	30 June 2014	30 June 2013
Profit/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	943	(407)	2,316	896
Weighted average number of ordinary shares in issue ('000)	279,450	155,250	279,450	155,250
Basic earnings/(loss) per share (sen per share)	0.34	(0.28)	0.83	0.56
Diluted earnings/(loss) per share (sen per share)	0.34	(0.28)	0.83	0.56

9. Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired assets at the cost of RM25.4 million (30 June 2013: RM2.9 million).

10. Intangible assets

	Note	Goodwill	Construction contracts	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2014 and 30 June 2014		24,051	9,917	2,510	36,478
Accumulated amortisation:					
At 1 January 2013		-	-	-	-
Amortisation		-	7,374	-	7,374
At 31 December 2013		-	7,374	-	7,374
Amortisation	6	-	1,322	-	1,322
At 30 June 2014		-	8,696	-	8,696
Net carrying amount:					
At 31 December 2013		24,051	2,543	2,510	29,104
At 31 June 2014		24,051	1,221	2,510	27,782



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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.

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 bank balances

Cash and bank balances comprised the following amounts:

	30 June 2014 RM’000	31 December 2013 RM’000
Cash in hand and at banks	10,862	8,161
Deposit with licensed banks	26,083	60,822
Total cash and bank balances	36,945	68,983



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

11. Cash and bank balances (contd.)

For the purpose of the statement of cash flows, cash and cash equivalent comprise the following as at reporting date:

	30 June 2014 RM'000	31 December 2013 RM'000
Cash in hand and at banks	10,862	8,161
Deposit with licensed banks	17,317	52,215
Total cash and cash equivalents	<u>28,179</u>	<u>60,376</u>

12. Interest-bearing loans and borrowings

	30 June 2014 RM'000	31 December 2013 RM'000
Short term borrowings		
Secured	45,872	49,269
Unsecured	<u>17,487</u>	<u>32,863</u>
	<u>63,359</u>	<u>82,132</u>
Long term borrowings		
Unsecured	<u>702</u>	<u>1,170</u>
	<u>64,061</u>	<u>83,302</u>

13. Dividends

The Board of Directors declared a final single tier dividend of 1.5 sen (30 June 2013: 2.5 sen) per ordinary share in respect of the financial year ended 31 December 2013. The dividend was paid on 25 July 2014 to depositors whose names appear in the Record of Depository on 4 July 2014.

14. Commitments

	30 June 2014 RM'000	31 December 2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	90,630	102,309
Approved but not contracted for:		
Property, plant and equipment	10,206	10,735
	<u>100,836</u>	<u>113,044</u>



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

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

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 30 June 2014 and 30 June 2013 as well as the balances with the related parties as at 30 June 2014 and 30 June 2013.

		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	2014	34,679	-	13,824	-
	2013	3,558	-	20,642	-
Syarikat SESCO Berhad	2014	2,238	-	1,807	-
	2013	5,018	-	1,433	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2014	-	14,173	2,437	-
	2013	-	5,564	-	474
Leader Universal Aluminium Sdn. Bhd.	2014	-	17,750	-	15
	2013	-	11,179	-	16
Universal Cable (M) Berhad	2014	-	4,144	2,114	-
	2013	-	1,567	-	1,199
Leader Cable Industry Sdn. Bhd.	2014	-	-	-	-
	2013	-	4,160	-	-

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 2014 is slightly lower than the immediate preceding quarter mainly due to expenses incurred for completed contracts.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

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

19. Commentary on prospects

Our Group has recorded a much improved performance in 2014 as compared to 2013 and barring any unforeseen circumstances, the Group anticipates improving performance in the coming months.

20. Profit forecast or profit guarantee

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

21. Corporate proposals

(a) Proposed acquisition of 100% equity interest in Universal Cable (M) Berhad (“UCMB”) and Leader Cable Industry Berhad (“LCIB”) from Hng Capital Sdn. Bhd. (“HNG”) for an indicative purchase consideration of RM210,000,000 (“Proposed Acquisitions”)

On 16 June 2014, the Company made an announcement on the followings:

- (i) to accept a conditional offer made by HNG (“Conditional Offer”) to acquire 100% equity interest (“Sales Shares”) in UCMB and LCIB (collectively referred to as the “Target Companies”) from HNG for an indicative purchase consideration of RM210,000,000 (“Purchase Consideration”) to be settled via a combination of cash, assumption of liabilities and the issuance of new ordinary shares of RM0.50 each in the Company (“Shares”);
- (ii) that the Company is given an exclusive period of sixty (60) days from the date of acceptance of the Conditional Offer (“Exclusive Period”) to carry out all due diligence of the financial, accounting, business records, contracts and other relevant documents of the Target Companies, at the Company’s own cost, subject to the signing of a standard Non Disclosure Agreement and to decide whether to proceed with the Proposed Acquisitions;
- (iii) that during the Exclusive Period, HNG will not offer to sell the Sales Shares to any other parties; and
- (iv) that in the event the Company decides to proceed with the Proposed Acquisitions upon satisfactory completion of the due diligence, the Company shall pay HNG an earnest deposit of RM2,100,000 (“Earnest Deposit”), equivalent to 1% of the Purchase Consideration on or before the expiry of the Exclusive Period. The Company and HNG shall then enter into a Share Sale Agreement (“SSA”) to formalise the Proposed Acquisitions within thirty (30) days thereafter.

On 13 August 2014, the Company made an announcement that the Company has sought for and obtained consent from HNG to extend the Exclusive Period for a further thirty (30) days to end on 12 September 2014 to finalise its due diligence review.

The due diligence is currently on-going as at the date of this report.



SARAWAK CABLE BERHAD
(456400-V)
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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

21. Corporate proposals (contd.)

(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 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	(56,662)	(9,963)	-	Within 24 months	RM56.7 million was utilised.
(ii)	Repayment of bank borrowings	10,000	(20,000)	10,000	-	Within 6 months	RM 20.0 million was utilised.
(iii)	Estimated expenses	1,000	(963)	(37)	-	Within 1 month	RM 0.9 million was utilised.
		<u>77,625</u>	<u>(77,625)</u>		<u>-</u>		

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.

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 June 2014 or the previous financial year ended 31 December 2013.

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 2014 and 31 December 2013.



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27. Breakdown of realised and unrealised profits or losses

The breakdown of the revenue reserves of the Group as at 30 June 2014 and 31 December 2013 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 2014 RM'000	Previous financial year ended 31 December 2013 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	117,673	116,433
Unrealised	(5,125)	(6,847)
	<u>112,548</u>	<u>109,586</u>
Less: Consolidation adjustments	(34,106)	(33,460)
Revenue reserves as per financial statements	<u><u>78,442</u></u>	<u><u>76,126</u></u>

28. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 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 25 August 2014.

By order of the Board

Chai Chin Foh
Company Secretary
25 August 2014