



SARAWAK CABLE BERHAD

(456400-V)

(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Note | Current quarter 3 months ended | | Cumulative quarter 9 months ended | |
|--|------|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | | 30.09.2014 RM'000 | 30.09.2013 RM'000 | 30.09.2014 RM'000 | 30.09.2013 RM'000 |
| Revenue | | 82,408 | 40,083 | 246,172 | 146,267 |
| Cost of sales | | (77,245) | (35,427) | (227,847) | (129,973) |
| Gross profit | | 5,163 | 4,656 | 18,325 | 16,294 |
| Other operating income | | 1,792 | 1,586 | 4,607 | 3,792 |
| Administrative expenses | | (3,154) | (3,612) | (10,433) | (10,284) |
| Other operating expenses | | (1,893) | (1,401) | (5,612) | (5,563) |
| Operating profit | | 1,908 | 1,229 | 6,887 | 4,239 |
| Finance costs | | (574) | (1,062) | (1,693) | (2,844) |
| Profit before tax | 6 | 1,334 | 167 | 5,194 | 1,395 |
| Income tax expense | 7 | (940) | 262 | (2,529) | (123) |
| Profit for the period | | 394 | 429 | 2,665 | 1,272 |
| Other comprehensive income | | | | | |
| Exchange differences on translation of foreign operation | | (34) | (385) | 12 | (429) |
| Other comprehensive income for the period, net of tax | | (34) | (385) | 12 | (429) |
| Total comprehensive income for the period, net of tax | | 360 | 44 | 2,677 | 843 |
| Profit/(loss) for the period attributable to: | | | | | |
| Owners of the parent | | 414 | 451 | 2,730 | 1,347 |
| Non-controlling interests | | (20) | (22) | (65) | (75) |
| | | 394 | 429 | 2,665 | 1,272 |
| Total comprehensive income/(loss) for the period, net of tax attributable to: | | | | | |
| Owners of the parent | | 387 | 216 | 2,740 | 1,068 |
| Non-controlling interests | | (27) | (172) | (63) | (225) |
| | | 360 | 44 | 2,677 | 843 |
| Earnings per share attributable to owners of the parent (sen per share): | | | | | |
| Basic | 8 | 0.15 | 0.18 | 0.98 | 0.60 |
| Diluted | 8 | 0.15 | 0.18 | 0.98 | 0.60 |

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



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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | 30.09.2014 RM'000 | 31.12.2013 RM'000 |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 110,824 | 63,515 |
| Intangible assets | 10 | 27,317 | 29,104 |
| Prepaid land lease payment | | 7,317 | 7,416 |
| Other assets | | 9,982 | 32,902 |
| | | <u>155,440</u> | <u>132,937</u> |
| Current assets | | | |
| Inventories | | 58,080 | 45,096 |
| Trade and other receivables | | 93,340 | 75,388 |
| Other current assets | | 82,971 | 49,401 |
| Tax recoverable | | 1,917 | 1,059 |
| Cash and bank balances | 11 | 21,496 | 68,983 |
| | | <u>257,804</u> | <u>239,927</u> |
| TOTAL ASSETS | | <u>413,244</u> | <u>372,864</u> |
| EQUITY AND LIABILITIES | | | |
| Current liabilities | | | |
| Loans and borrowings | 12 | 68,034 | 82,132 |
| Trade and other payables | | 94,178 | 56,942 |
| Other current liabilities | | 20,612 | 1,647 |
| Income tax payable | | 798 | 490 |
| | | <u>183,622</u> | <u>141,211</u> |
| Net current assets | | <u>74,182</u> | <u>98,716</u> |
| Non-current liabilities | | | |
| Loans and borrowings | 12 | 562 | 1,170 |
| Deferred tax liabilities | | 6,940 | 6,848 |
| | | <u>7,502</u> | <u>8,018</u> |
| Total liabilities | | <u>191,124</u> | <u>149,229</u> |
| Net assets | | <u>222,120</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 | | (1,186) | (1,196) |
| Revenue reserves | | 74,664 | 76,126 |
| | | <u>222,257</u> | <u>223,709</u> |
| Non-controlling interests | | (137) | (74) |
| Total equity | | <u>222,120</u> | <u>223,635</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>413,244</u> | <u>372,864</u> |
| Net assets per share attributable to owners of the Company (sen) | | 79 | 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 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Equity, total | Attributable to owners of the parent | | | | | | |
|---|------------------|--|------------------|-----------------------------------|------------------|---|---------------------|----------------------------------|
| | | Equity attributable to owners of the Company, total | Share capital | Reverse acquisition reserve | Share premium | Foreign currency translation reserve | Revenue reserves | Non- controlling interests |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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> |
| At 1 January 2014 | 223,635 | 223,709 | 139,725 | (37,300) | 46,354 | (1,196) | 76,126 | (74) |
| Total comprehensive income | 2,677 | 2,740 | - | - | - | 10 | 2,730 | (63) |
| Dividends on ordinary shares | (4,192) | (4,192) | - | - | - | - | (4,192) | - |
| At 30 September 2014 | <u>222,120</u> | <u>222,257</u> | <u>139,725</u> | <u>(37,300)</u> | <u>46,354</u> | <u>(1,186)</u> | <u>74,664</u> | <u>(137)</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 2014**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current period to date | Preceding year corresponding period |
|---|------------------------------|--|
| | 30.09.2014 | 30.09.2013 |
| | RM'000 | RM'000 |
| Operating activities | | |
| Profit before tax | 5,194 | 1,395 |
| Adjustments for: | | |
| Accretion of finance lease | (24) | (35) |
| Accretion of long term retention sum | (1,125) | (1,125) |
| Amortisation of intangible assets | 1,787 | 2,392 |
| Amortisation of prepaid land lease payment | 99 | 179 |
| Bad debt recovered | (504) | (179) |
| Provision of doubtful debts | 45 | - |
| Depreciation of property, plant and equipment | 5,105 | 6,615 |
| Gain on disposal of property, plant and equipment | (128) | (1) |
| Interest expense | 1,693 | 2,844 |
| Interest income | (956) | (574) |
| Inventories written off | 403 | 5 |
| Reversal for impairment loss of trade receivables | (314) | (98) |
| Amortisation of trade payables | 34 | 245 |
| Operating cash flows before working capital changes | 11,309 | 11,663 |
| Changes in working capital: | | |
| Increase in deposits pledged for borrowings | 384 | 8,262 |
| Increase in inventories | (13,388) | (12,420) |
| Increase/(decrease) in trade and other receivables | (18,897) | 17,927 |
| Increase in other current assets | (14,607) | (8,677) |
| Increase in trade and other payables | 37,203 | 5,983 |
| Decrease in other current liabilities | - | (1,086) |
| Total changes in working capital | (9,305) | 9,989 |
| Cash from operations | 2,004 | 21,652 |
| Interest received | 956 | 574 |
| Interest paid | (1,693) | (2,844) |
| Income taxes paid | (2,987) | (3,463) |
| Net cash (used in)/from operating activities | (1,720) | 15,919 |
| Investing activities | | |
| Acquisition of non-controlling interests | - | (245) |
| Purchase of property, plant and equipment | (26,999) | (3,848) |
| Proceeds from disposal of property, plant and equipment | 478 | 1,826 |
| Net cash used in investing activities | (26,521) | (2,267) |



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

| | Current period to date | Preceding year corresponding period |
|---|------------------------------|--|
| | 30.09.2014 | 30.09.2013 |
| | RM'000 | RM'000 |
| Note | | |
| Financing activities | | |
| Dividend paid on ordinary shares | (4,192) | (3,881) |
| Proceeds from issuance of ordinary shares | - | 77,625 |
| Share issuance expenses | - | (963) |
| Repayment of borrowings | (14,682) | (35,960) |
| Net cash (used in)/from financing activities | <u>(18,874)</u> | <u>36,821</u> |
| Net (decrease)/increase in cash and cash equivalents | (47,115) | 50,473 |
| Effects on exchange rate changes on cash and cash equivalents | 12 | - |
| Cash and cash equivalents at 1 January | 60,375 | 13,506 |
| Cash and cash equivalents at 30 September | <u>13,272</u> | <u>63,979</u> |
| Cash and cash equivalents comprise the following: | | |
| Cash in hand and at banks | 6,230 | 6,588 |
| Deposit with licensed banks | 15,266 | 65,055 |
| | <u>21,496</u> | <u>71,643</u> |
| Deposit pledged | (8,224) | (7,664) |
| Cash and cash equivalents | 11 <u>13,272</u> | <u>63,979</u> |

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 24 November 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 Sept 2014 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 |
| Revenue | | | | | | | | | | | | | | |
| External customers | 78,286 | 51,606 | 20,233 | 17,317 | 147,653 | 77,344 | - | - | 246,172 | 146,267 | - | - | 246,172 | 146,267 |
| Inter-segment | 2,854 | 6,350 | 56 | 611 | 18,150 | - | 9,050 | 9,050 | 30,110 | 16,011 | (30,110) | (16,011) | - | - |
| Total revenue | 81,140 | 57,956 | 20,289 | 17,928 | 165,803 | 77,344 | 9,050 | 9,050 | 276,282 | 162,278 | (30,110) | (16,011) | 246,172 | 146,267 |
| Segment profit/(loss) (Note A) | 3,847 | 3,819 | 1,515 | 40 | (202) | (1,758) | 34 | (706) | 5,194 | 1,395 | - | - | 5,194 | 1,395 |

Note A

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

| | 30 Sept 2014 RM'000 | 30 Sept 2013 RM'000 |
|--------------------------------|------------------------|------------------------|
| Segment profit | 7,597 | 4,544 |
| Finance costs | (1,693) | (2,844) |
| Unallocated corporate expenses | (710) | (305) |
| Profit before tax | 5,194 | 1,395 |



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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 32% (30 September 2013: 35%) of the revenue of the Group and is 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 78.3 million for the third quarter of 2014 has increased when compared to RM 51.6 million for the corresponding quarter in 2013. The segment profit of RM 3.8 million for the third quarter of 2014 has slightly increased when compared to corresponding quarter of 2013. Operating costs have remained fairly consistent with the corresponding quarter of 2013.

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 8% (30 September 2013: 12%) 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 1.5 million has increased more than 100% as compared to RM 0.04 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, major 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 60% (30 September 2013: 53%) of the revenue of the Group.

Segment revenue of RM 147.7 million for the third quarter of 2014 increased when compared to RM 77.3 million for the corresponding quarter in 2013. Operating costs have remained fairly consistent with the corresponding quarter of 2013.

Segment results for third 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 5.2 million (30 September 2013: RM 1.4 million), which is 272% higher than 2013 principally due to improved results from cable and steel segment as explained above.

Settlement of borrowings which are due has resulted in lower finance costs and lower borrowings as at the current reporting quarter (see Note 12).

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 2014 RM'000 | 30 September 2013 RM'000 | 30 September 2014 RM'000 | 30 September 2013 RM'000 |
| Accretion of finance lease | (6) | (11) | (24) | (35) |
| Accretion of long term retention sum | (375) | (375) | (1,125) | (1,125) |
| Additional/ (reversal) for impairment loss of trade receivables | 1 | (48) | (314) | (98) |
| Amortisation of intangible assets | 465 | 466 | 1,787 | 2,392 |
| Amortisation of prepaid lease payment | 49 | 60 | 99 | 179 |
| Bad debts recovered | (85) | (154) | (504) | (179) |
| Depreciation of property, plant and equipment | 1,719 | 1,863 | 5,105 | 6,615 |
| (Gain)/loss on disposal of property, plant and equipment | (53) | 35 | (128) | (1) |
| Interest expense | 573 | 1,062 | 1,693 | 2,844 |
| Interest income | (210) | (433) | (956) | (574) |
| Inventories /written off | 430 | 5 | 403 | 5 |
| (Reversal)/ amortization of trade payables | (13) | - | 34 | 245 |

7. Income tax expense

| | Current quarter 3 months ended | | Cumulative quarter 9 months ended | |
|---|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | 30 September 2014 RM'000 | 30 September 2013 RM'000 | 30 September 2014 RM'000 | 30 September 2013 RM'000 |
| Malaysian taxation | | | | |
| Current year | 928 | 226 | 2,436 | 1,249 |
| Under provision of income tax in respect of previous years | 1 | (445) | 134 | (445) |
| Deferred tax | 11 | (43) | (41) | (681) |
| | <u>940</u> | <u>(262)</u> | <u>2,529</u> | <u>123</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 September 2013 was 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.



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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 2014 | 30 September 2013 | 30 September 2014 | 30 September 2013 |
| Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000) | 414 | 451 | 2,730 | 1,347 |
| Number of ordinary shares in issue at the beginning of period ('000) | 279,450 | 155,250 | 279,450 | 155,250 |
| Effects of dilution: | | | | |
| - Rights Issue ('000) | - | 60,047 | - | 35,961 |
| - Bonus Issue ('000) | - | 41,512 | - | 34,576 |
| Weighted average number of ordinary shares in issue ('000) | 279,450 | 256,809 | 279,450 | 225,787 |
| Basic earnings/(loss) per share (sen per share) | 0.15 | 0.18 | 0.98 | 0.60 |
| Diluted earnings/(loss) per share (sen per share) | 0.15 | 0.18 | 0.98 | 0.60 |

9. Property, plant and equipment

During the nine months ended 30 September 2014, the Group acquired assets at the cost of RM26.9 million (30 September 2013: 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 2014 and 30 September 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 | - | 1,787 | - | 1,787 |
| At 30 September 2014 | | - | 9,161 | - | 9,161 |
| Net carrying amount: | | | | | |
| At 31 December 2013 | | 24,051 | 2,543 | 2,510 | 29,104 |
| At 30 September 2014 | | 24,051 | 756 | 2,510 | 27,317 |



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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 September 2014 RM’000 | 31 December 2013 RM’000 |
|-------------------------------------|---|--|
| Cash in hand and at banks | 6,230 | 8,161 |
| Deposit with licensed banks | 15,266 | 60,822 |
| Total cash and bank balances | 21,496 | 68,983 |



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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 September 2014 RM’000 | 31 December 2013 RM’000 |
|--|---|--|
| Cash in hand and at banks | 6,230 | 8,161 |
| Deposit with licensed banks | 7,042 | 52,215 |
| Total cash and cash equivalents | <u>13,272</u> | <u>60,376</u> |

12. Interest-bearing loans and borrowings

| | 30 September 2014 RM’000 | 31 December 2013 RM’000 |
|------------------------------|---|--|
| Short term borrowings | | |
| Secured | 40,284 | 49,269 |
| Unsecured | 27,750 | 32,863 |
| | <u>68,034</u> | <u>82,132</u> |
| Long term borrowings | | |
| Unsecured | 562 | 1,170 |
| | <u>68,596</u> | <u>83,302</u> |

13. Dividends

A final single tier dividend of 1.5 sen (30 September 2013: final single tier dividend of 2.5 sen) per ordinary share in respect of the financial year ending 31 December 2013 was paid on 25 July 2014 to depositors whose names appear in the Record of Depositors on 4 July 2014.

14. Commitments

| | 30 September 2014 RM’000 | 31 December 2013 RM’000 |
|----------------------------------|---|--|
| Capital expenditure | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 82,907 | 102,309 |
| Approved but not contracted for: | | |
| Property, plant and equipment | 10,167 | 10,735 |
| | <u>93,074</u> | <u>113,044</u> |



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

| | | 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 | 2014 | 24,490 | - | 19,695 | - |
| | 2013 | 5,020 | - | 20,642 | - |
| Syarikat SESCO Berhad | | | | | |
| | 2014 | 3,431 | - | 316 | - |
| | 2013 | 5,801 | 5 | 1,433 | - |
| Sejingkat Corp Sdn Bhd | | | | | |
| | 2014 | 4 | - | - | - |
| | 2013 | - | - | - | - |
| PPLS Power Generation Sdn Bhd | | | | | |
| | 2014 | 5 | - | - | - |
| | 2013 | - | - | - | - |
| Transactions with subsidiaries of Hng Capital Sdn Bhd: | | | | | |
| Alpha Industries Sdn. Bhd. | 2014 | - | 18,481 | - | 1,904 |
| | 2013 | - | 10,813 | - | 474 |
| Leader Universal Aluminium Sdn. Bhd. | | | | | |
| | 2014 | - | 19,806 | - | 618 |
| | 2013 | - | 13,890 | - | 16 |
| Universal Cable (M) Berhad | | | | | |
| | 2014 | - | 26,627 | - | 22,128 |
| | 2013 | - | 2,271 | - | 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.



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18. Comment on material change in profit before taxation

The profit before taxation for the quarter ended 30 September 2014 is slightly lower than the immediate preceding quarter mainly due to expenses incurred for completed contracts.

19. Commentary on prospects

Our Group has recorded a much improved performance in 2014 as compared to 2013 and anticipates continuous growth in the final quarter for 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

(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 Purchase Agreement (“SPA”) 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.

On 12 September 2014, the Company announced that it has paid an Earnest Deposit of RM2.1 million pursuant to the Conditional Offer with the intention of finalising the terms and conditions of the Proposed Acquisitions and to enter into a SPA on or before 13 October 2014. Subsequently, on 13 October 2014, the Company announced that it had requested for an extension until 20 October 2014 to finalise the SPA.

On 21 November 2014, on behalf of the Board of Directors of Sarawak Cable Berhad (“SCB”), Kenanga Investment Bank Berhad (“KIBB”) announced that Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has vide its letter dated



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21 November 2014 approved the listing of 37,600,000 new ordinary shares of RM0.50 each in SCB to be issued pursuant to the Proposed Acquisitions ("**Consideration Shares**").

The aforementioned approval by Bursa Securities is subject to the following conditions:-

- (i) SCB and KIBB must fully comply with the relevant provisions under the Main Market Listing Requirements ("**Main LR**") pertaining to the implementation of the Proposed Acquisitions;
- (ii) SCB and KIBB to inform Bursa Securities upon the completion of the Proposed Acquisitions;
- (iii) SCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisitions is completed; and
- (iv) SCB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Acquisitions.

In the event the Consideration Shares will be listed and quoted as the existing securities of the same class, quotation of the Consideration Shares will commence on the next market day after the following:-

- (a) Submission of the share certificate together with a covering letter containing the summary of the Proposed Acquisitions to Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") before 10 a.m. on the market day prior to the listing date;
- (b) Receipt of confirmation from Bursa Depository that the Consideration Shares are ready for crediting into the securities account of the account holder; and
- (c) An announcement in accordance to Paragraph 13.2 of Practice Note 28 ("**PN28**") is submitted via Bursa Link before 3 p.m. on the market day prior to the listing date.

In the event the Consideration Shares will be separately quoted from the existing securities i.e. "A" shares, the listing and quotation of the Consideration Shares will take place two (2) market days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure PN28-B.

SCB is required to ensure full compliance of all the requirements as provided under the under the Main LR at all times.

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 September 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 September 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 September 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 September 2014 RM'000 | Previous financial year ended 31 December 2013 RM'000 |
|---|---|--|
| Total revenue reserves of the Company and its subsidiaries: | | |
| Realised | 114,141 | 116,433 |
| Unrealised | (5,203) | (6,847) |
| | <u>108,938</u> | <u>109,586</u> |
| Less: Consolidation adjustments | (34,274) | (33,460) |
| Revenue reserves as per financial statements | <u><u>74,664</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 24 November 2014.

By order of the Board

Chai Chin Foh
Company Secretary
24 November 2014