



SARAWAK CABLE BERHAD

(456400-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue		61,782	62,444	307,954	208,711
Cost of sales		(100,281)	(53,738)	(328,128)	(183,711)
Gross (loss)/profit		(38,499)	8,706	(20,174)	25,000
Other operating income		98,905	2,292	103,512	6,084
Administrative expenses		(9,330)	(4,185)	(19,764)	(14,469)
Other operating expenses		(28,715)	(3,659)	(34,327)	(9,222)
Operating profit		22,361	3,154	29,247	7,393
Finance costs		(811)	(1,188)	(2,504)	(4,032)
Profit before tax	7	21,550	1,966	26,743	3,361
Income tax expense	8	(864)	(2,483)	(3,393)	(2,606)
Profit/(loss) for the period		20,686	(517)	23,350	755
Other comprehensive income					
Exchange differences on translation of foreign operation		229	(271)	241	(700)
Other comprehensive income/ (loss) for the period, net of tax		229	(271)	241	(700)
Total comprehensive income/ (loss) for the period, net of tax		20,915	(788)	23,591	55
Profit/(loss) for the period attributable to:					
Owners of the parent		20,770	(378)	23,499	969
Non-controlling interests		(84)	(139)	(149)	(214)
		20,686	(517)	23,350	755
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Owners of the parent		20,947	(455)	23,687	613
Non-controlling interests		(32)	(333)	(96)	(558)
		20,915	(788)	23,591	55
Earnings/(losses) per share attributable to owners of the parent (sen per share):					
Basic	9	7.43	(0.12)	8.41	0.40
Diluted	9	7.43	(0.12)	8.41	0.40

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 2014**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2014 RM'000	31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	376,741	63,515
Intangible assets	11	3,627	29,104
Prepaid land lease payment		7,267	7,416
Deferred tax assets		61,255	-
Other assets		564	26,302
Long-term retention sum		12,860	6,600
		<u>462,314</u>	<u>132,937</u>
Current assets			
Inventories		123,742	45,096
Trade and other receivables		453,737	75,388
Other current assets		116,814	49,401
Tax recoverable		2,133	1,059
Cash and bank balances	12	62,367	68,983
		<u>758,793</u>	<u>239,927</u>
TOTAL ASSETS		<u>1,221,107</u>	<u>372,864</u>
EQUITY AND LIABILITIES			
Current liabilities			
Derivative liability		677	-
Loans and borrowings	13	392,350	82,132
Trade and other payables		341,943	56,942
Other current liabilities		63,883	1,647
Income tax payable		3,392	490
		<u>802,245</u>	<u>141,211</u>
Net current (liabilities)/ assets		<u>(43,452)</u>	<u>98,716</u>
Non-current liabilities			
Loans and borrowings	13	96,110	1,170
Deferred tax liabilities		27,476	6,848
		<u>123,586</u>	<u>8,018</u>
Total liabilities		<u>925,831</u>	<u>149,229</u>
Net assets		<u>295,276</u>	<u>223,635</u>
Equity attributable to owners of the Company			
Share capital		158,525	139,725
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		79,796	46,354
Foreign currency translation reserves		(1,008)	(1,196)
Revenue reserves		95,433	76,126
		<u>295,446</u>	<u>223,709</u>
Non-controlling interests		(170)	(74)
Total equity		<u>295,276</u>	<u>223,635</u>
TOTAL EQUITY AND LIABILITIES		<u>1,221,107</u>	<u>372,864</u>
Net assets per share attributable to owners of the Company (sen)		106	80

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



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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	55	269	-	-	-	(700)	969	(214)
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	(954)	(954)	-	-	(954)	-	-	-
Acquisition of remaining equity interest in a subsidiary	(413)	(395)	-	-	-	(182)	(213)	(18)
Dividends on ordinary shares	(3,881)	(3,881)	-	-	-	-	(3,881)	-
At 31 December 2013	223,635	223,709	139,725	(37,300)	46,354	(1,196)	76,126	(74)

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



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity, total	Attributable to owners of the parent						Non-controlling interests
		Equity attributable to owners of the Company, total	Share capital	Reverse acquisition reserve	Share premium	Foreign currency translation reserve	Revenue reserves	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	223,635	223,709	139,725	(37,300)	46,354	(1,196)	76,126	(74)
Total comprehensive income	23,591	23,687	-	-	-	188	23,499	(96)
Shares issued for cash	52,264	52,264	18,800	-	33,464	-	-	-
Shares issuance expenses	(22)	(22)	-	-	(22)	-	-	-
Dividends on ordinary shares	(4,192)	(4,192)	-	-	-	-	(4,192)	-
At 31 December 2014	295,276	295,446	158,525	(37,300)	79,796	(1,008)	95,433	(170)

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



SARAWAK CABLE BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current period to date	Preceding year corresponding period
	31.12.2014	31.12.2013
	RM'000	RM'000
Operating activities		
Profit before tax	26,742	3,361
Adjustments for:		
Accretion of finance lease	(31)	(50)
Accretion of long term retention sum	(992)	(1,500)
Amortisation of intangible assets	1,426	4,135
Amortisation of prepaid land lease payment	149	239
Amortisation of trade payables	30	399
Allowance for impairment loss of trade receivables	3,422	424
Bad debt (recovered)/written-off	(574)	15
Property, plant and equipment written off	-	69
Provision for inventories obsolescence	-	416
Depreciation of property, plant and equipment	6,984	7,999
Gain/(loss) on disposal of property, plant and equipment	(133)	8
Negative goodwill on acquisition	(98,196)	-
Impairment of goodwill	24,051	-
Reversal of allowance for impairment	-	(1,094)
Interest expense	2,505	4,735
Interest income	(1,209)	(1,160)
Inventories written off	540	48
Loss on disposal of assets held for sale	-	79
Unrealised loss/(gain) on foreign exchange	163	(1)
Operating cash flows before working capital changes	<u>(35,123)</u>	<u>18,122</u>
Changes in working capital:		
(Increase)/decrease in deposits pledged for borrowings	(4,967)	7,319
Increase in inventories	(7,265)	(4,726)
(Increase)/decrease in trade and other receivables	(137,311)	24,923
Increase in other current assets	(5,176)	(9,348)
Increase in trade and other payables	173,861	19,779
Increase in derivative liabilities	704	-
Total changes in working capital	<u>19,846</u>	<u>37,947</u>
Cash (used in)/from operations	(15,277)	56,069
Interest paid	(2,505)	(4,735)
Income taxes paid	(4,477)	(3,843)
Net cash (used in)/from operating activities	<u>(22,259)</u>	<u>47,491</u>



SARAWAK CABLE BERHAD
(456400-V)
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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED
 31 DECEMBER 2014**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current period to date	Preceding year corresponding period
Note	31.12.2014 RM'000	31.12.2013 RM'000
Investing activities		
Acquisition of non-controlling interests	-	(1,681)
Acquisition of other assets	-	(26,302)
Acquisition of subsidiaries, net of cash outflows	(83,479)	-
Purchase of property, plant and equipment	(34,496)	(8,071)
Proceeds from disposal of property, plant and equipment	482	466
Proceeds from disposal of assets held for sale	-	1,585
Interest received	1,209	1,160
Net cash used in investing activities	<u>(116,284)</u>	<u>(32,843)</u>
Financing activities		
Dividend paid on ordinary shares	(4,192)	(3,881)
Proceeds from issuance of ordinary shares	-	77,625
Share issuance expenses	-	(954)
Drawdown/(repayment) of borrowings	130,912	(39,631)
Net cash from financing activities	<u>126,720</u>	<u>33,159</u>
Net (decrease)/increase in cash and cash equivalents	(11,823)	47,807
Effects on exchange rate changes on cash and cash equivalents	239	(937)
Cash and cash equivalents at 1 January	60,376	13,506
Cash and cash equivalents at 31 December	<u>48,792</u>	<u>60,376</u>
Cash and cash equivalents comprise the following:		
Cash in hand and at banks	48,792	8,161
Deposit with licensed banks	13,575	60,822
	<u>62,367</u>	<u>68,983</u>
Deposit pledged	(13,575)	(8,607)
Cash and cash equivalents	<u>48,792</u>	<u>60,376</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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(456400-V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 26 February 2015.

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.

4. Item of unusual nature, size or incidence

Save as mentioned below, there was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2014.

On 30 December 2014, Universal Cable (M) Berhad (“UCMB”) and Leader Cable Industry Berhad (“LCIB”) became 100% subsidiary companies of the Group following the completion of the acquisition by the Company. The initial accounting for UCMB’s and LCIB’s business combination in the consolidated financial statements of the Company involves identifying and determining the fair values to be assigned to UCMB and LCIB identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at 31 December 2014, the fair value of UCMB’s and LCIB’s identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation (“PPA”) on UCMB’s and LCIB’s identifiable assets, liabilities and contingent liabilities. The UCMB’s and LCIB’s business combination has been accounted for using these provisional values upon completion of the PPA exercise within twelve months from the acquisition date.

The initial accounting has resulted in a negative goodwill on acquisition amounting to approximately RM98.2 million which has been recognized as other income in the consolidated statement of comprehensive income of the Company for the current quarter and financial year ended 31 December 2014.



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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

5. Segment information

	Power cables and conductors		Galvanised steel products and transmission tower		Contract revenue		Corporate and Aviation		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 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	156,659	75,961	41,249	30,107	109,805	102,643	241	-	307,954	208,711	-	-	307,954	208,711
Inter-segment	4,851	6,362	76	611	19,470	-	10,400	10,400	34,797	17,373	(34,797)	(17,373)	-	-
Total revenue	161,510	82,323	41,325	30,718	129,275	102,643	10,641	10,400	342,751	226,084	(34,797)	(17,373)	307,954	208,711
Segment profit/(loss) (Note A)	7,228	5,339	1,593	1,921	(45,886)	(2,503)	(2,743)	3,604	(39,808)	8,361	66,551	(5,000)	26,743	3,361

Note A

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

	31 Dec 2014	31 Dec 2013
	RM'000	RM'000
Segment profit	33,943	7,865
Finance costs	(2,504)	(4,042)
Unallocated corporate expenses	(4,696)	(462)
Profit before tax	26,743	3,361



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(456400-V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

The total assets have increased from RM373 million to RM1,221 million with the inclusion of the newly acquired subsidiaries UCMB and LCIB (See Note 22).

Power cables and conductors

The power cables and conductors segment contributed 51% (31 December 2013: 36 %) of the total revenue of the Group and was 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 RM156.7 million for the financial year ended 31 December 2014 increased compared to RM 75.9 million for the corresponding period in 2013. The segment profit of RM7.2 million for the year ended 31 December 2014 increased slightly when compared to RM5.3 million for the corresponding period of 2013. Operating costs remained fairly consistent with the corresponding period of 2013.

The Group remains positive that with its business strategies in place, the Group expects growth in the coming years.

Galvanised steel products and transmission tower

The galvanised steel products and transmission tower segment contributed 13% (31 December 2013: 14 %) of the total revenue of the Group.

The Group’s subsidiary which is the leading and one of the established galvanisers in the State of Sarawak concentrates mainly in East Malaysia.

Operating profit for this segment of RM 1.6 million decreased by 17% as compared to RM 1.9 million in the corresponding period of 2013. This was due to lower margin earned from the products sold.

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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(456400-V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

5. Segment information (contd.)

Contract revenue

The contract revenue segment contributed 36% (31 December 2013: 49 %) of the total revenue of the Group.

Segment revenue of RM109.8 million for the financial year ended 31 December 2014 increased when compared to RM 102.6 million for the corresponding period in 2013. Operating costs remained fairly consistent with the corresponding period of 2013.

Segment results for financial year ended 31 December 2014 have decreased when compared to corresponding period in 2013 mainly due to losses incurred in contract segment.

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 and aviation

The corporate and aviation segment provides management services to its subsidiaries and aviation services. In the financial year ended 31 December 2014, corporate and aviation segment contributed RM0.2 million of the revenue of the group.

The Group remains positive that with its business strategies in place, the Group expects growth in the coming year.

Consolidated profit before tax

The Group recorded a current quarter profit before tax of RM 21.6 million (31 December 2013: RM 2.0 million), which is higher than 2013 principally due to improved results from cable and steel segments as explained above.

Settlement of borrowings which were due resulted in lower finance costs and lower borrowings as at the current reporting quarter (see Note 13).

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

6. Seasonality of operations

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



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(456400-V)
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

7. Profit before tax

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Accretion of finance lease	(7)	(15)	(31)	(50)
Accretion of long term retention sum	133	(375)	(992)	(1,500)
Allowance for impairment loss of trade receivables	3,736	522	3,422	424
Amortisation of intangible assets	(361)	1,743	1,426	4,135
Amortisation of prepaid lease payment	50	60	149	239
Bad debts(recovered)/written off	(70)	194	(574)	15
Depreciation of property, plant and equipment	1,879	1,384	6,984	7,999
Gain/(loss) on disposal of property, plant and equipment	(5)	9	(133)	8
Negative goodwill on acquisition	(98,196)	-	(98,196)	-
Impairment of goodwill	24,051	-	24,051	-
Interest expense	812	1,891	2,505	4,735
Interest income	(253)	(586)	(1,209)	(1,160)
Reversal of allowance for impairment loss on trade receivables	-	(1,094)	-	(1,094)
Inventories written off	137	43	540	48
(Reversal)/ amortization of trade payables	(4)	154	30	399
Loss on disposal of asset held for sale	-	79	-	79
Property, plant and equipment written off	-	69	-	69
Provision for inventories obsolescence	-	416	-	416
Unrealized loss/(gain) foreign exchange	163	(1)	163	(1)

8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Malaysian taxation				
Current year	3,419	2,066	5,855	3,315
Under provision of income tax in respect of previous years	(662)	25	(528)	(420)
Deferred tax	(1,893)	392	(1,934)	(289)
	<u>864</u>	<u>2,483</u>	<u>3,393</u>	<u>2,606</u>

The effective tax rate for the current reporting quarter was lower than the statutory tax rate principally due to the recognition of deferred tax assets.

The effective tax rate for the corresponding interim period ended 31 December 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 prior years.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

9. 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 had 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 are 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 2014	31 December 2013	31 December 2014	31 December 2013
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	20,770	(378)	23,499	969
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)	-	101,344	-	46,462
- Bonus Issue ('000)	-	46,575	-	37,600
- Ordinary Issue (000)	103	-	103	-
Weighted average number of ordinary shares in issue ('000)	279,553	303,169	279,553	239,312
Basic earnings/(loss) per share (sen per share)	7.43	(0.12)	8.41	0.40
Diluted earnings/(loss) per share (sen per share)	7.43	(0.12)	8.41	0.40

10. Property, plant and equipment

During the twelve months ended 31 December 2014, the Group acquired assets at the cost of RM34.5 million (31 December 2013: RM8.1 million).

11. Intangible assets

	Note	Goodwill	Construction contracts	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2014 and 31 December 2013		24,051	9,917	2,510	36,478
Accumulated amortisation:					
At 1 January 2013		-	3,239	-	3,239
Amortisation		-	4,135	-	4,135
At 31 December 2013		-	7,374	-	7,374
Amortisation		-	1,426	-	1,426
Impairment	7	24,051	-	-	24,051
At 31 December 2014		24,051	8,800	-	32,851
Net carrying amount:					
At 31 December 2013		24,051	2,543	2,510	29,104
At 31 December 2014		-	1,117	2,510	3,627



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

11. Intangible assets (contd.)

Construction Contracts

Construction contracts relate to contracts awarded that were acquired in a business combination and are amortised based on the percentage of completion of the respective contracts.

Power purchase agreement

Power purchase agreement will be amortised over the period of 20 years and will commence when the power plant is commissioned.

12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31 December 2014 RM'000	31 December 2013 RM'000
Cash in hand and at banks	48,792	8,161
Deposit with licensed banks	13,575	60,822
Total cash and bank balances	62,367	68,983



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(456400-V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

12. Cash and bank balances (contd.)

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

	31 December 2014 RM'000	31 December 2013 RM'000
Cash in hand and at banks	48,792	8,161
Deposit with licensed banks	-	52,215
Total cash and cash equivalents	<u>48,792</u>	<u>60,376</u>

13. Interest-bearing loans and borrowings

	31 December 2014 RM'000	31 December 2013 RM'000
Short term borrowings		
Secured	100,592	49,269
Unsecured	291,758	32,863
	<u>392,350</u>	<u>82,132</u>
Long term borrowings		
Unsecured	96,110	1,170
	<u>488,460</u>	<u>83,302</u>

14. Dividends

A final single tier dividend of 1.5 sen (31 December 2013: final single tier dividend of 1.5 sen) per ordinary share in respect of the financial year ended 31 December 2013 was paid on 25 July 2014.

15. Commitments

	31 December 2014 RM'000	31 December 2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	85,380	102,309
Approved but not contracted for:		
Property, plant and equipment	16,074	10,735
	<u>101,454</u>	<u>113,044</u>



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

16. Contingencies

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

17. Related party transactions

The following table provides information on the transactions which were entered into with related parties during the year ended 31 December 2014 and 31 December 2013 as well as the balances with the related parties as at 31 December 2014 and 31 December 2013.

		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	2014	32,499	-	9,314	-
	2013	6,191	-	10,720	-
Syarikat SESCO Berhad	2014	8,744	-	414	-
	2013	6,924	6	1,194	-
Sejingtak 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	-	22,780	-	1,435
	2013	-	14,213	-	1,454
Leader Universal Aluminium Sdn. Bhd.	2014	-	21,313	-	-
	2013	-	17,851	-	1
UCMB	2014	-	86,541	-	36,548
	2013	-	4,855	-	2,583
LCIB	2014	-	466	-	466
	2013	-	5,381	-	269



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

18. Review of performance

Explanatory comments on the performance of each of the Group's business segments are provided in Note 5.

19. Comment on material change in profit before taxation

The profit before taxation for the quarter ended 31 December 2014 was higher than the immediate preceding quarter mainly due to profit contributed from the cables and conductors and steel structure segments and negative goodwill recognized from the UCMB and LCIB acquisition (See Note 22).

20. Commentary on prospects

The Group recorded a much improved performance in 2014 as compared to 2013 and anticipates continuous improved performance in the financial year ending 31 December 2015 as a result of the expected contributions from the two newly acquired subsidiaries namely UCMB and LCIB.

21. Profit forecast or profit guarantee

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

22. Corporate proposals

Proposed acquisition of 100% equity interest in UCMB and 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 following:

- (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;
- (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.

The company subsequently announced on 13 October 2014 that it had requested for an extension until 20 October 2014 to finalise the SPA.

On 21 October 2014 it entered into a conditional SPA with HNG.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

22. Corporate proposals (contd.)

On 21 November 2014, the Company announced that Bursa Malaysia Securities Berhad approved the listing of 37,600,000 new ordinary shares of RM0.50 each in the Company to be issued pursuant to the Proposed Acquisitions ("Consideration Shares").

On 15 December 2014, the Company made an announcement on the outcome of the Extraordinary General Meeting whereby the Company obtained shareholders' approval for the proposed acquisitions.

On 30 December 2014, the Company announced that the proposed acquisitions were deemed completed upon the listing and quotation of the Consideration Shares on the Main Market of Bursa Malaysia Securities Berhad on 31 December 2014.

23. Changes in material litigation

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

24. Dividends payable

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 2.5 sen (2013:1.5 sen) per ordinary share in respect of the financial year ended 31 December 2014, to be paid on a date to be determined later.

25. Disclosure of nature of outstanding derivatives

The outstanding derivatives were for the forward hedges with the London Metal Exchange ("LME") brokers.

26. Risks and policies of derivatives

The Group will only enter into a LME or currency derivative to hedge against a commodity or currency fluctuation.

27. 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 2014 and 31 December 2013.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

28. Breakdown of realised and unrealised profits or losses

The breakdown of the revenue reserves of the Group as at 31 December 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 31 December 2014 RM'000	Previous financial year ended 31 December 2013 RM'000
Total revenue reserves of the Company and its subsidiaries:		
Realised	242,453	116,433
Unrealised	<u>35,577</u>	<u>(6,847)</u>
	278,030	109,586
Less: Consolidation adjustments	<u>(182,597)</u>	<u>(33,460)</u>
Revenue reserves as per financial statements	<u><u>95,433</u></u>	<u><u>76,126</u></u>

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

30. Authorised for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 February 2015.

By order of the Board

Chai Chin Foh
Company Secretary
26 February 2015