



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

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**30 JUNE 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Revenue		272,744	346,232	524,595	710,687
Cost of sales		(245,656)	(318,495)	(470,849)	(661,468)
Gross profit		27,088	27,737	53,746	49,219
Other operating income		2,155	3,347	5,000	6,360
Administrative expenses		(7,264)	(7,946)	(14,986)	(15,265)
Other operating expenses		(7,872)	(8,351)	(13,786)	(14,553)
Operating profit		14,107	14,787	29,974	25,761
Finance costs		(7,696)	(6,686)	(15,500)	(11,890)
Profit before tax	A7	6,411	8,101	14,474	13,871
Income tax expense	A8	(4,537)	(2,722)	(8,753)	(4,587)
Profit for the period		1,874	5,379	5,721	9,284
Other comprehensive income/ (loss)					
Exchange differences on translation of foreign operation		329	2,764	(656)	2,997
Net movement of cash flow hedges		100	555	(134)	1,656
Other comprehensive income/ (loss) for the period, net of tax		429	3,319	(790)	4,653
Total comprehensive income for the period, net of tax		2,303	8,698	4,931	13,937
<b>Profit for the period attributable to:</b>					
Equity holders of the company		2,313	4,941	6,181	8,511
Non-controlling interests		(439)	438	(460)	773
		1,874	5,379	5,721	9,284
<b>Total comprehensive income for the period, net of tax attributable to:</b>					
Equity holders of the company		2,672	8,178	5,534	13,201
Non-controlling interests		(369)	520	(603)	736
		2,303	8,698	4,931	13,937
<b>Earnings per share attributable to Equity holders of the company (sen per share):</b>					
Basic	A9	Ø	1.56	1.95	2.68
Diluted	A9	Ø	1.56	1.95	2.68

*The condensed consolidated statements of profit or loss and other 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 AS AT 30 JUNE 2017**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	30.06.2017 RM'000	31.12.2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	456,444	463,215
Intangible assets		2,519	2,519
Deferred tax assets		40,181	42,946
Concession financial assets	A11	85,040	83,729
Trade receivables		58,006	53,531
		<u>642,190</u>	<u>645,940</u>
<b>Current assets</b>			
Inventories		170,567	119,135
Trade and other receivables		303,343	339,643
Other current assets		79,582	148,564
Tax recoverable		2,844	3,158
Derivatives assets		810	762
Cash and bank balances	A12	45,382	74,365
		<u>602,528</u>	<u>685,627</u>
<b>TOTAL ASSETS</b>		<u>1,244,718</u>	<u>1,331,567</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Derivatives liabilities		172	19
Loans and borrowings	A13	517,850	554,738
Trade and other payables		193,623	223,779
Dividends payable		9,512	-
Income tax payable		2,820	2,598
		<u>723,977</u>	<u>781,134</u>
<b>Net current liabilities</b>		<u>(121,449)</u>	<u>(95,507)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A13	156,297	180,495
Trade payables		20,275	23,508
Deferred tax liabilities		17,559	15,239
		<u>194,131</u>	<u>219,242</u>
<b>Total liabilities</b>		<u>918,108</u>	<u>1,000,376</u>
<b>Net assets</b>		<u>326,610</u>	<u>331,191</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital		158,525	158,525
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		79,796	79,796
Foreign currency translation reserve		(183)	330
Hedge reserve		444	578
Revenue reserves		124,171	127,502
		<u>325,453</u>	<u>329,431</u>
Non-controlling interests		1,157	1,760
<b>Total equity</b>		<u>326,610</u>	<u>331,191</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,224,718</u>	<u>1,331,567</u>
Net assets per share attributable to owners of the Company (sen)		103	104

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



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Total Equity	Attributable to equity holders of the Company							Non-controlling interests
		Total equity attributable to equity holders of the Company, total	Non-distributable						
	RM'000	RM'000	Share capital	Reverse acquisition reserve	Share premium	Foreign currency translation reserves	Hedge reserve	Revenue reserves	RM'000
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	324,985	324,331	158,525	(37,300)	79,796	(402)	(537)	124,249	654
Profit for the period	9,284	8,511				-	-	8,511	773
Other comprehensive income	4,653	4,690				3,034	1,656		(37)
Total comprehensive income	13,937	13,201				3,034	1,656	8,511	736
At 30 June 2016	338,922	337,532	158,525	(37,300)	79,796	2,632	1,119	132,760	1,390

*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 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Total Equity	Attributable to equity holders of the Company							Non-controlling interests
		Total equity attributable to equity holders of the Company, total	Non-distributable			Distributable			
	RM'000	RM'000	Share capital	Reverse acquisition reserve	Share premium	Foreign currency translation reserves	Hedge reserve	Revenue reserves	RM'000
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	331,191	329,431	158,525	(37,300)	79,796	330	578	127,502	1,760
Profit for the period	5,721	6,181				-	-	6,181	(460)
Other comprehensive income	(790)	(647)				(513)	(134)		(143)
Total comprehensive income	4,931	5,534				(513)	(134)	6,181	(603)
	336,122	334,965	158,525	(37,300)	79,796	(183)	444	133,683	1,157
Transaction with owners:									
Dividends on ordinary shares	(9,512)	(9,512)				-	-	(9,512)	-
At 30 June 2017	326,610	325,453	158,525	(37,300)	79,796	(183)	444	124,171	1,157

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



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**30 JUNE 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current period to date	Preceding year corresponding period
Note	30.06.2017 RM'000	30.06.2016 RM'000
<b>Operating activities</b>		
Profit before tax	14,474	13,871
Adjustments for:		
Amortisation of intangible assets	-	117
Bad debts recovered	-	(3)
Depreciation of property, plant and equipment	11,639	10,318
Finance income from concessions financial assets	(2,187)	(1,698)
Interest expense	15,500	11,890
Interest income	(1,758)	(656)
Inventories written down	182	16
Loss on disposal of property, plant and equipment, net	-	54
Property, plant and equipment written off	-	143
Reversal of impairment loss of trade receivables	(83)	(3)
Unrealised loss/ (gain) on foreign exchange	844	(560)
Unwinding of discount on finance lease	(6)	(11)
Operating cash flows before working capital changes	38,605	33,478
Changes in working capital:		
(Increase)/ decrease in inventories	(51,614)	12,470
Decrease/ (increase) in trade and other receivables	31,907	(64,703)
Decrease/ (increase) in other current assets	77,123	(54,706)
(Decrease)/ increase in trade and other payables	(41,927)	80,713
Decrease in derivative liabilities	(201)	(1,362)
Increase in concessions financial assets	(2,231)	(4,677)
Total changes in working capital	13,057	(32,265)
Cash generated from operations	51,662	1,213
Interest paid	(15,500)	(11,890)
Tax paid, net of refund	(3,131)	(3,737)
Net cash flows generated from/ (used in) operating activities	33,031	(14,414)



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)**

	<b>Note</b>	<b>Current period to date 30.06.2017 RM'000</b>	<b>Preceding year corresponding period 30.06.2016 RM'000</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(4,868)	(34,350)
Interest received		1,758	656
Loss from disposal of property, plant and equipment		-	(54)
Net cash used in investing activities		<u>(3,110)</u>	<u>(33,748)</u>
<b>Financing activities</b>			
(Repayment)/ drawdown from borrowings		(61,537)	86,789
Increase/ (decrease) in cash and bank balances pledged for bank borrowings		<u>1,610</u>	<u>(493)</u>
Net cash (used in)/ generated from financing activities		<u>(59,927)</u>	<u>86,296</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(30,006)	38,134
Effect on exchange rate changes		2,451	21
Cash and cash equivalents at 1 January		<u>48,092</u>	<u>43,579</u>
<b>Cash and cash equivalents at 30 June</b>	A12	<u>20,537</u>	<u>81,734</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 JUNE 2017**

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

**A1. Corporate information**

Sarawak Cable Berhad (“the company”) 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 29 August 2017.

**A2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2016 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 2016.

**A3. Changes in estimates**

There were no changes in estimates that have a material effect in the current interim results.

**A4. Item of unusual nature, size or incidence**

There was no item of unusual nature, size or incidence.

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**A5. Segment information**

	Sales of power and telecommunication cables		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	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
<b>Revenue</b>														
External customers	441,138	372,556	13,759	24,769	60,805	303,450	8,893	9,912	524,595	710,687	-	-	524,595	710,687
Inter-segment	199	218	-	26	-	-	2,700	2,700	2,899	2,944	(2,899)	(2,944)	-	-
<b>Total revenue</b>	<b>441,337</b>	<b>372,774</b>	<b>13,759</b>	<b>24,795</b>	<b>60,805</b>	<b>303,450</b>	<b>11,593</b>	<b>12,612</b>	<b>527,494</b>	<b>713,631</b>	<b>(2,899)</b>	<b>(2,944)</b>	<b>524,595</b>	<b>710,687</b>
<b>Segment profit/(loss)</b>	<b>28,033</b>	<b>3,589</b>	<b>2,140</b>	<b>1,881</b>	<b>(4,749)</b>	<b>13,239</b>	<b>(10,950)</b>	<b>(4,838)</b>	<b>14,474</b>	<b>13,871</b>	<b>-</b>	<b>-</b>	<b>14,474</b>	<b>13,871</b>

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**A5. 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 sales of power and telecommunication cables segment supplies power and telecommunication cables and cable components to consumers.
- (b) The sales of galvanised products and steel structures segment supplies galvanised products and steel structures. It also offers galvanising services.
- (c) The transmission lines construction segment involves the supply, installation and commissioning of transmission line projects.
- (d) The power generation, helicopter services and corporate segment is involved in power generation business, provision of helicopter services and Group-level corporate and management services.

**Sales of power and telecommunication cables**

The sales of power and telecommunication cables segment contributed 84.1% (30 June 2016: 52.4%) of the total revenue of the Group for the period ended 30 June 2017 and is the main contributor to the Group’s operating profit in 2017.

The segment recorded a revenue and profit before tax of RM441.1 million and RM28.0 million respectively for the period ended 30 June 2017 as compared to revenue and profit before tax of RM372.6 million and RM3.6 million respectively in the corresponding period ended 30 June 2016. Increasing coupled with several exceptional orders received has improved the sales and operating profit of this segment. Operating costs have remained fairly consistent.

Market demand for products under this segment has shown improvement and the Group is confident that the demand for power and communication cables will continue to improve.

**Sales of galvanised products and steel structures**

The sales of galvanised products and steel structures segment contributed 2.6% (30 June 2016: 3.5%) of the total revenue of the Group for the period ended 30 June 2017.

The Group’s subsidiary whose sales and services are in this segment, concentrates mainly in East Malaysia.

This segment recorded profit before tax of RM2.1 million when compared with corresponding period ended 30 June 2016 profit before tax of RM1.9 million. The decision taken in Q2 2016 to sub-contract customers’ orders has resulted in a lower profit and margin earned when comparing to Q2 2017.

The Group remains confident that the demand for galvanised steel products and transmission tower will continue to improve.



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**A5. Segment information (contd.)**

**Transmission lines construction**

The transmission line construction segment contributed 11.6% (30 June 2016: 42.7 %) of the total revenue of the Group for the period ended 30 June 2017.

The segment recorded a revenue and loss before tax of RM60.8 million and RM4.7 million respectively for the financial period ended 30 June 2017 as compared to revenue of RM303.5 million and profit of RM13.2 million respectively for the corresponding period in 2016. The loss was the result of additional expenses the Group undertook and incurred for the sole purpose of meeting the projects completion timeline.

Segment results for the financial period ended 30 June 2017 had decreased as compared to corresponding year as the current projects in hand are more than ninety percent (90%) completed. The Group has been actively participating in tenders for new projects and this is evidenced by the Group’s announcement to Bursa Malaysia Securities Berhad on 24 May 2017 on the award of double circuit 500kV overhead transmission line with a project value of Ringgit Malaysia Eighty One Million Three Hundred Sixty Eight Thousand Five Hundred Seventy Three and Cents Forty Five only (RM81,368,573.45).

The Group remains positive that performance for this segment will continue to improve as in addition to actively participate in tenders, the Group is developing plans for the power transmission industry, which includes expanding market coverage.

**Power generation, helicopter services and corporate**

The power generation, helicopter services and corporate segment provides power generation business, provision of helicopter services and Group-level corporate and management services. In the financial period ended 30 June 2017, power generation, helicopter services and corporate segment contributed RM8.9 million to the total revenue of the Group.

The Group is making continuous effort and time to nurture, strategize and plan this segment.

**Consolidated profit before tax**

The Group recorded a profit before tax of RM14.5 million (30 June 2016: RM13.9 million) for the period ended 30 June 2017, which was higher than corresponding period principally due to higher margin earned from the sales of power and telecommunication cables segment.

The main factors which had affected the current quarter’s profit before tax are explained above.

**A6. Seasonality of operations**

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



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**A7. The following items have been included in arriving at profit before tax:**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Amortisation of intangible assets	-	12	-	117
Bad debts recovered	-	-	-	(3)
Depreciation of property, plant and equipment	5,433	5,211	11,639	10,318
Finance income from concession financial assets	(1,091)	(865)	(2,187)	(1,698)
Interest expense	7,696	6,686	15,500	11,890
Interest income	(360)	(418)	(1,758)	(656)
Inventories written down	52	5	182	16
Loss on disposal of property, plant and equipment, net	-	-	-	54
Property, plant and equipment written off	-	-	-	143
Reversal of impairment loss of trade receivables	(49)	(3)	(83)	(3)
Unrealised loss/ (gain) on foreign exchange	2,106	(991)	844	(560)
Unwinding of discount on finance lease	(1)	(5)	(6)	(11)

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**A8. Income tax expense**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Current income tax:				
Based on results for the period	1,531	2,595	3,212	4,202
Deferred income tax	3,006	127	5,541	385
	<u>4,537</u>	<u>2,722</u>	<u>8,753</u>	<u>4,587</u>

The effective tax rate for the current reporting period and corresponding interim period is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes and deferred tax assets not recognised for losses incurred in certain subsidiaries.

**A9. Earnings per share**

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

The Group had no potential ordinary shares in issue as at the reporting 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	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Profit net of tax attributable to equity holders of The Company (RM'000)	<u>2,313</u>	<u>4,941</u>	<u>6,181</u>	<u>8,511</u>
Weighted average number of ordinary shares in issue (‘000)	<u>317,050</u>	<u>317,050</u>	<u>317,050</u>	<u>317,050</u>
Basic earnings per share (sen per ordinary share)	<u>0.73</u>	<u>1.56</u>	<u>1.95</u>	<u>2.68</u>
Diluted earnings per share (sen per ordinary share)	<u>0.73</u>	<u>1.56</u>	<u>1.95</u>	<u>2.68</u>



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**A10. Property, plant and equipment**

During the six months ended 30 June 2017, the Group acquired assets at the cost of RM4.9 million (30 June 2016: RM34.4 million).

**A11. Concession financial assets**

	<b>30 June 2017 RM’000</b>	<b>31 December 2016 RM’000</b>
At 1 January	83,729	63,586
Concession construction revenue	2,231	10,636
Accrued financial income	2,187	3,750
Exchange difference	(3,107)	5,757
At 30 June 2017/ 31 December 2016	<u>85,040</u>	<u>83,729</u>

**A12. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>30 June 2017 RM’000</b>	<b>31 December 2016 RM’000</b>
Cash in hand and at banks	30,238	49,158
Deposits with licensed banks	15,144	25,207
<b>Cash and bank balances</b>	<u>45,382</u>	<u>74,365</u>

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

	<b>30 June 2017 RM’000</b>	<b>31 December 2016 RM’000</b>
Cash in hand and at banks	15,209	40,596
Deposits with licensed banks	8,300	10,285
Less: Bank overdraft	(2,972)	(2,789)
<b>Cash and cash equivalents</b>	<u>20,537</u>	<u>48,092</u>



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**A13. Loans and borrowings**

	<b>30 June 2017 RM’000</b>	<b>31 December 2016 RM’000</b>
<b>Current</b>		
Secured	112,659	136,219
Unsecured	405,191	418,519
	<u>517,850</u>	<u>554,738</u>
<b>Non-current</b>		
Secured	147,423	166,440
Unsecured	8,874	14,055
	<u>156,297</u>	<u>180,495</u>
	<u>674,147</u>	<u>735,233</u>

Included in the secured borrowing is a borrowing denominated in foreign currency:-

	<b>30 June 2017 USD’000</b>	<b>31 December 2016 USD’000</b>
USD term loan	<u>8,394</u>	<u>12,051</u>

**A14. Dividend Paid**

The Board of Directors declared a first and final single tier dividend of 3.0 sen (31 December 2015: 5.0 sen) per ordinary share in respect of the financial year ended 31 December 2016. The dividend was paid on 28 July 2017 to depositors whose names appear in the Record of Depository on 7 July 2017.

**A15. Commitments**

	<b>30 June 2017 RM’000</b>	<b>31 December 2016 RM’000</b>
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	31,904	31,072
Approved but not contracted for:		
Property, plant and equipment	9,251	4,641
	<u>41,155</u>	<u>35,713</u>



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

**B1. Contingencies**

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

**B2. Related party transactions**

The following table provides information on the transactions which were entered into with related parties during the period ended 30 June 2017 and 30 June 2016 as well as the balances with the related parties as at 30 June 2017 and 31 December 2016.

		June	June	June / December	
		Sales to related parties RM'000	Purchases from related parties RM'000	Amounts owed by related parties RM'000	Amounts owed to related parties RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2017	3,666	-	-	-
	2016	-	-	4,637	-
Syarikat SESCO Berhad	2017	6,923	-	1,769	-
	2016	2,466	-	3,322	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2017	3,037	127,097	558	33,768
	2016	932	113,780	332	14,356
Leader Universal Aluminium Sdn. Bhd.	2017	2,193	122,156	461	22,256
	2016	882	70,014	-	13,661



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**B3. Review of performance**

Explanatory comments on the performance of each of the Group’s business segments are provided in Note A5.

**B4. Comment on material change in profit before taxation**

The profit before taxation for the quarter ended 30 June 2017 was lower than the immediate preceding quarter mainly due to additional costs incurred in the transmission lines construction segment in the current quarter as explained in Note A5.

**B5. Commentary on prospects**

Our Group has a positive start for year 2017 and barring any unforeseen circumstances, the Group anticipates improving performance and growth in the coming months.

**B6. Profit forecast or profit guarantee**

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

**B7. Corporate proposals**

There were no corporate proposals.

**B8. Changes in material litigation**

There were on material litigation during the current financial period up to the date of this quarterly report.

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**B9. Dividends payable**

The dividend paid as mentioned in Note A14 above had been accrued as at 30 June 2017.

**B10. Disclosure of nature of outstanding derivatives**

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

**B11. Risks and policies of derivatives**

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

**B12. 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 2017 and 31 December 2016 other than the derivatives as disclosed in Note B10 above.

**B13. Breakdown of realised and unrealised profits or losses**

The breakdown of the revenue reserves of the Group as at 30 June 2017 and 31 December 2016 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 24 March 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.

	<b>Current quarter ended</b>	<b>Previous financial year ended</b>
	<b>30 June 2017 RM’000</b>	<b>31 December 2016 RM’000</b>
Total revenue reserves of the Company and its subsidiaries:		
Realised	102,287	97,014
Unrealised	21,778	30,758
	<u>124,065</u>	<u>127,772</u>
Add/ (less): Consolidation adjustments	106	(270)
Revenue reserves as per financial statements	<u>124,171</u>	<u>127,502</u>

**B14. Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the year ended 31 December 2016 was not qualified.



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**B15. Authorised for issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2017.

By order of the Board

Teoh Wen Jinq  
Company Secretary  
29 August 2017