



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

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**30 JUNE 2018**

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

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Revenue		139,155	272,744	317,971	524,595
Cost of sales		(123,039)	(245,656)	(280,678)	(470,849)
Gross profit		16,116	27,088	37,293	53,746
Other operating income		734	2,155	1,620	5,000
Administrative expenses		(7,568)	(7,264)	(14,768)	(14,986)
Other operating expenses		(6,565)	(7,872)	(13,690)	(13,786)
Operating profit		2,717	14,107	10,455	29,974
Finance costs		(6,580)	(7,696)	(13,127)	(15,500)
(Loss)/Profit before tax	A7	(3,863)	6,411	(2,672)	14,474
Income tax expense	A8	(1,871)	(4,537)	(4,688)	(8,753)
(Loss)/Profit for the period		(5,734)	1,874	(7,360)	5,721
Other comprehensive income					
Exchange differences on translation of foreign operation		7	329	(291)	(656)
Net movement of cash flow hedges		(563)	100	(2,168)	(134)
Other comprehensive income for the period, net of tax		(556)	429	(2,459)	(790)
Total comprehensive income for the period, net of tax		(6,290)	2,303	(9,819)	4,931
<b>(Loss)/Profit for the period attributable to:</b>					
Equity holders of the company		(5,111)	2,313	(5,795)	6,181
Non-controlling interests		(623)	(439)	(1,565)	(460)
		(5,734)	1,874	(7,360)	5,721
<b>Total comprehensive income for the period, net of tax attributable to:</b>					
Equity holders of the company		(5,668)	2,672	(8,190)	5,534
Non-controlling interests		(622)	(369)	(1,629)	(603)
		(6,290)	2,303	(9,819)	4,931
<b>(Loss)/Earnings per share attributable to Equity holders of the company (sen per share):</b>					
Basic	A9	(1.61)	0.73	(1.83)	1.95
Diluted	A9	(1.61)	0.73	(1.83)	1.95

*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 2018**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	30.06.2018 RM'000	31.12.2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	440,489	448,628
Intangible assets		2,510	2,510
Deferred tax assets		36,426	36,116
Concession financial assets	A11	82,667	85,990
Trade receivables		53,183	51,548
		<u>615,275</u>	<u>624,792</u>
<b>Current assets</b>			
Inventories		111,030	117,204
Trade and other receivables		217,796	256,756
Other current assets		29,557	47,812
Tax recoverable		8,850	8,713
Derivatives assets		-	953
Cash and bank balances	A12	28,564	46,909
		<u>395,797</u>	<u>478,347</u>
<b>TOTAL ASSETS</b>		<u>1,011,072</u>	<u>1,103,139</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	A13	413,415	475,080
Trade and other payables		116,355	172,703
Other current liabilities		28,179	-
Derivatives liabilities		1,898	-
Income tax payable		3,051	1,253
		<u>562,898</u>	<u>649,036</u>
<b>Net current liabilities</b>		<u>(167,101)</u>	<u>(170,689)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A13	144,113	139,285
Trade payables		10,916	12,524
Deferred tax liabilities		17,758	17,088
		<u>172,787</u>	<u>168,897</u>
<b>Total liabilities</b>		<u>735,685</u>	<u>817,933</u>
<b>Net assets</b>		<u>275,387</u>	<u>285,206</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital		238,321	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(756)	(529)
Hedge reserve		(1,445)	723
Revenue reserves		77,803	83,598
		<u>276,623</u>	<u>284,813</u>
Non-controlling interests		(1,236)	393
<b>Total equity</b>		<u>275,387</u>	<u>285,206</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,011,072</u>	<u>1,103,139</u>
Net assets per share attributable to owners of the Company (sen)		87	90

*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 2018**  
**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 RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserves RM'000	Hedge reserve RM'000	Revenue reserves RM'000	RM'000
At 1 January 2017	331,191	329,431	238,321	(37,300)	330	578	127,502	1,760
Profit/(Loss) 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	238,321	(37,300)	(183)	444	133,683	1,157
Transaction with owners:								
Dividends on ordinary shares	(9,512)	(9,512)	-	-	-	-	(9,512)	-
At June 2017	326,610	325,453	238,321	(37,300)	(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 statements.*



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**  
**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	Share capital	Reverse acquisition reserve	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 2018	285,206	284,813	238,321	(37,300)	(529)	723	83,598	393
Loss for the period	(7,360)	(5,795)	-	-	-	-	(5,795)	(1,565)
Other comprehensive income	(2,459)	(2,395)	-	-	(227)	(2,168)	-	(64)
Total comprehensive income	(9,819)	(8,190)	-	-	(227)	(2,168)	(5,795)	(1,629)
At 30 June 2018	275,387	276,623	238,321	(37,300)	(756)	(1,445)	77,803	(1,236)

*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 2018**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current period to date	Preceding year corresponding period
Note	30.06.2018 RM'000	31.06.2017 RM'000
<b>Operating activities</b>		
(Loss)/ profit before tax	(2,672)	14,474
Adjustments for:		
Reversal of impairment loss of trade receivables, net	(55)	(83)
Bad debts written off	100	-
Depreciation of property, plant and equipment	11,051	11,639
Finance income from concessions financial assets	-	(2,187)
Interest expense	13,127	15,500
Interest income	(199)	(1,758)
Inventories written down	5	182
Gain on disposal of property, plant and equipment	(6)	-
Unrealised loss on foreign exchange	5,442	844
Unwinding of discount on finance lease	-	(6)
Operating cash flows before working capital changes	26,793	38,605
Changes in working capital:		
Decrease/ (increase) in inventories	6,170	(51,614)
Decrease in trade and other receivables	37,282	31,907
Decrease in other current assets	46,434	77,123
Decrease in trade and other payables	(62,311)	(41,927)
Decrease in derivative liabilities	-	(201)
Increase in concessions financial assets	(1,039)	(2,231)
Total changes in working capital	26,536	13,057
Cash generated from operations	53,329	51,662
Interest paid	(13,127)	(15,500)
Tax paid, net of refund	(1,982)	(3,131)
Net cash flows generated from operating activities	38,220	33,031



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

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

	Current period to date	Preceding year corresponding period
	30.06.2018	30.06.2017
	RM'000	RM'000
Note		
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,905)	(4,868)
Interest received	199	1,758
Net cash used in investing activities	<u>(2,706)</u>	<u>(3,110)</u>
<b>Financing activities</b>		
Repayment from borrowings	(42,740)	(61,537)
Decrease in cash and bank balances pledged for bank borrowings	1,606	1,610
Net cash used in financing activities	<u>(41,134)</u>	<u>(59,927)</u>
<b>Net decrease in cash and cash equivalents</b>	(5,620)	(30,006)
Effect on exchange rate changes	2,422	2,451
Cash and cash equivalents at 1 January	17,678	48,092
<b>Cash and cash equivalents at 30 June</b>	<u>14,480</u>	<u>20,537</u>
A12		

*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 2018**

**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 21 August 2018.

**A2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2017 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 2017 except for the adoption of new standards effective as at 1 January 2018:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018

The Group has adopted the new standards that are relevant and effective for accounting period beginning on or after 1 January 2018. The adoption of these new standards have not resulted in any material impact on the financial statements of the Group as mentioned below:

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.



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**A2. Significant accounting policies (Contd.)**

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has concluded that the initial application of MFRS 15 does not have any material financial impacts to the current period and prior period financial statements of the Group.

**MFRS 9 Financial Instruments**

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not required to be restated.

Based on the analysis of the Group’s financial assets and liabilities as at 30 June 2018 on the basis of facts and circumstances that exist at that date, the Group has assessed the impact of MFRS 9 to the Group’s financial statements as follow:

(i) Classification and measurement

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial derivatives currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has determined that there will be no significant impact on the Group’s financial statement.

(iii) Hedge accounting

As MFRS 9 does not change the general principles of how an entity accounts for effective hedges applying the hedging requirements of MFRS 9 will not have a significant impact on the Group’s financial statements.

**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 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	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	271,186	441,138	12,433	13,759	26,124	60,805	8,228	8,893	317,971	524,595	-	-	317,971	524,595
Inter-segment	-	199	-	-	-	-	1,960	2,700	1,960	2,899	(1,960)	(2,899)	-	-
<b>Total revenue</b>	<b>271,186</b>	<b>441,337</b>	<b>12,433</b>	<b>13,759</b>	<b>26,124</b>	<b>60,805</b>	<b>10,188</b>	<b>11,593</b>	<b>319,931</b>	<b>527,494</b>	<b>(1,960)</b>	<b>(2,899)</b>	<b>317,971</b>	<b>524,595</b>
<b>Segment profit/(loss)</b>	<b>12,030</b>	<b>28,033</b>	<b>896</b>	<b>2,140</b>	<b>(333)</b>	<b>(4,749)</b>	<b>(15,265)</b>	<b>(10,950)</b>	<b>(2,672)</b>	<b>14,474</b>	<b>-</b>	<b>-</b>	<b>(2,672)</b>	<b>14,474</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 is our core business and is expected to remain as the major contributor to the Group. This segment contributed 85.3% (30 June 2017: 84.1%) of the total revenue of the Group for the period ended 30 June 2018 and is the main contributor to the Group’s operating profit in 2018.

The segment recorded a revenue and profit before tax of RM271.2 million and RM12.0 million respectively for the period ended 30 June 2018 as compared to revenue and profit before tax of RM441.1 million and RM28.0 million respectively in the corresponding period ended 30 June 2017. The market sentiment for this segment has been slow in the current period. The power and telecommunication cables segment will improve in the coming quarters in consideration of orders received. Operating costs have remained fairly consistent.

**Sales of galvanised products and steel structures**

The sales of galvanised products and steel structures segment contributed 3.9% (30 June 2017: 2.6%) of the total revenue of the Group for the period ended 30 June 2018.

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

This segment recorded profit before tax of RM0.9 million when compared with corresponding period ended 30 June 2017 profit before tax of RM2.1 million. Market demand for products under this segment has been relatively weak.

The Group expects to participate in the supply of galvanised products and steel structures to Pan Borneo highway; a road network on Borneo Island connecting the State of Sabah and Sarawak in Malaysia, with Brunei and Kalimantan in Indonesia.



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

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

**Transmission lines construction**

The transmission line construction segment contributed 8.2% (30 June 2017: 11.6%) of the total revenue of the Group for the period ended 30 June 2018.

The segment recorded a revenue and loss before tax of RM26.1 million and RM0.3 million respectively for the financial period ended 30 June 2018 as compared to revenue of RM60.8 million and loss before tax of RM4.7 million respectively for the corresponding period in 2017. Currently this segment is working on two (2) on-going projects with Tenaga Nasional Berhad.

The Group continuous plans for the power transmission industry, includes expanding market coverage, actively participating in tenders and implement and strengthen our project management team to better manage the cost and completion timeline of on-going projects.

**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 2018, power generation, helicopter services and corporate segment contributed RM8.2 million to the total revenue of the Group.

The Group continues to participate in tenders and building its goodwill in aviation services industry through the current projects on hand namely Medical Evacuation Services and Flying Doctor Services with Ministry of Health and with Ministry of Natural Resources.

The helicopter and aviation services has leased all its helicopters save for one helicopter namely H225. The Board and management have decided to explore the possibility of disposing of the H225 which will enable this subsidiary to pare down its loan and ultimately become a cash flow positive subsidiary.

The construction of hydro dam is still on-going and the Group anticipates that the hydro dam will be completed and commissioned by first half of 2019, in which event we foresee that the power generation will be self-sustaining.

**Consolidated profit before tax**

The Group recorded a loss before tax of RM2.7 million (30 June 2017: profit before tax of RM14.5 million) for the period ended 30 June 2018, which was lower than corresponding period principally due to low market demand for power and telecommunication cables and galvanised products and steel structures.

The Group is still waiting for the outcome of tenders submitted for transmission line construction and, supply of power and telecommunication cables. However, the Group still records a solid EBITA at RM21.5 million for the period ended 30 June 2018.

The other 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 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Reversal of impairment loss of trade receivables, net	(55)	(49)	(55)	(83)
Bad debts written off	50	-	100	-
Depreciation of property, plant and equipment	5,550	5,433	11,051	11,639
Finance income from concession financial assets	-	(1,091)	-	(2,187)
Interest expense	6,580	7,696	13,127	15,500
Interest income	(137)	(360)	(199)	(1,758)
Inventories written down	-	52	5	182
Gain on disposal of property, plant and equipment	-	-	(6)	-
Unrealised loss on foreign exchange	2,490	2,106	5,442	844
Unwinding of discount on finance lease	-	(1)	-	(6)

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**A8. Income tax expense**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Current income tax:				
Based on results for the period	1,915	1,531	3,609	3,212
Over provision of deferred tax in respect of previous period	-	-	(87)	-
Deferred income tax	(44)	3,006	1,166	5,541
	<u>1,871</u>	<u>4,537</u>	<u>4,688</u>	<u>8,753</u>

The effective tax rate for the current quarter and previous quarter ended 30 June 2017 was higher than the statutory 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. (Loss)/Earnings per share**

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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 (loss)/profit and share data used in the computation of basic and diluted earnings per share:

	Current year quarter		Current year to date	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
(Loss)/Profit net of tax attributable to equity holders The Company (RM'000)	(5,111)	2,313	(5,795)	6,181
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 (loss)/earnings per share (sen per ordinary share)	<u>(1.61)</u>	<u>0.73</u>	<u>(1.83)</u>	<u>1.95</u>
Diluted (loss)/earnings per share (sen per ordinary share)	<u>(1.61)</u>	<u>0.73</u>	<u>(1.83)</u>	<u>1.95</u>



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2018**

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

**A10. Property, plant and equipment**

During the period ended 30 June 2018, the Group acquired assets at the cost of RM2.9 million (30 June 2017: RM4.9 million).

**A11. Concession financial assets**

	<b>30 June 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
At 1 January	85,990	83,729
Concession construction revenue	1,039	7,735
Accrued financial income	-	4,434
Exchange difference	(4,362)	(9,908)
At 30 June 2018/31 December 2017	<u>82,667</u>	<u>85,990</u>

**A12. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>30 June 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Cash in hand and at banks	14,718	19,121
Deposits with licensed banks	13,846	27,788
<b>Cash and bank balances</b>	<u>28,564</u>	<u>46,909</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 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Cash in hand and at banks	14,718	19,090
Deposits with licensed banks	-	12,367
Less: Bank overdraft	(238)	(13,779)
<b>Cash and cash equivalents</b>	<u>14,480</u>	<u>17,678</u>

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

**A13. Loans and borrowings**

	<b>30 June 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Current</b>		
Secured	56,382	96,264
Unsecured	357,033	378,816
	<u>413,415</u>	<u>475,080</u>
<b>Non-current</b>		
Secured	137,286	132,170
Unsecured	6,827	7,115
	<u>144,113</u>	<u>139,285</u>
	<u>557,528</u>	<u>614,365</u>

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

	<b>30 June 2018 USD'000</b>	<b>31 December 2017 USD'000</b>
USD term loan	<u>8,088</u>	<u>7,157</u>

**A14. Dividend paid**

No dividend had been paid for the period ended 30 June 2018.

**A15. Commitments**

	<b>30 June 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	27,299	29,949
Approved but not contracted for:		
Property, plant and equipment	11,041	5,501
	<u>38,340</u>	<u>35,450</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 the 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 2018 and 30 June 2017 as well as the balances with the related parties as at 30 June 2018 and 31 December 2017.

		Sales to related parties RM'000	June Purchases from related parties RM'000	June /December Amounts owed by related parties RM'000	Amounts owed to related parties RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2018	-	-	-	-
	2017	3,666	-	993	-
Syarikat SESCO Berhad	2018	12,259	-	2,355	-
	2017	6,923	-	6,572	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2018	3,879	73,736	345	9,540
	2017	3,037	127,097	350	15,648
Leader Universal Aluminium Sdn. Bhd.	2018	240	7,376	-	3,961
	2017	2,193	122,156	14	12,393





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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2018**

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

**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 loss before taxation for the quarter ended 30 June 2018 is higher than the immediate preceding quarter due to unrealised loss on foreign exchange of RM5.0 million arising from our subsidiary in Indonesia as Ringgit Malaysia and US Dollar strengthen against Indonesia Rupiah.

**B5. Commentary on prospects**

The Group anticipates improving performance in the coming quarters, barring any unforeseen circumstances. The changing political landscape which occurred mid-year resulted in a period of uncertainty within the market. Today, the industry has settled down and its business as usual.

**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 no material litigation during the current financial period up to the date of this quarterly report.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2018**

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

**B9. Dividends payable**

No dividend was payable for the period ended 30 June 2018.

**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 2018 and 31 December 2017 other than the derivatives as disclosed in Note B10 above.

**B13. Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the period ended 31 December 2017 was not qualified.

**B14. Authorised for issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 August 2018.

By order of the Board

Teoh Wen Jinq  
Company Secretary  
21 August 2018