



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

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Revenue		255,857	299,310	573,828	823,905
Cost of sales		(234,907)	(309,644)	(515,585)	(780,493)
Gross profit/ (loss)		20,950	(10,334)	58,243	43,412
Other operating income		624	1,934	2,244	6,934
Administrative expenses		(7,521)	(8,626)	(22,289)	(23,612)
Other operating expenses		(6,545)	(6,040)	(20,235)	(19,826)
Operating profit/ (loss)		7,508	(23,066)	17,963	6,908
Finance costs		(6,860)	(8,090)	(19,987)	(23,590)
Profit/ (loss) before tax	A7	648	(31,156)	(2,024)	(16,682)
Income tax expense	A8	(3,171)	(7,400)	(7,859)	(16,153)
Loss for the period		(2,523)	(38,556)	(9,883)	(32,835)
Other comprehensive income					
Exchange differences on translation of foreign operation		(7)	(314)	(298)	(970)
Net movement of cash flow hedges		(1,154)	197	(3,322)	63
Other comprehensive income for the period, net of tax		(1,161)	(117)	(3,620)	(907)
Total comprehensive income for the period, net of tax		(3,684)	(38,673)	(13,503)	(33,742)
Loss for the period attributable to:					
Equity holders of the company		(2,156)	(38,685)	(7,951)	(32,504)
Non-controlling interests		(367)	129	(1,932)	(331)
		(2,523)	(38,556)	(9,883)	(32,835)
Total comprehensive income for the period, net of tax attributable to:					
Equity holders of the company		(3,317)	(38,734)	(11,507)	(33,200)
Non-controlling interests		(367)	61	(1,996)	(542)
		(3,684)	(38,673)	(13,503)	(33,742)
Loss per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(0.68)	(12.20)	(2.51)	(10.25)
Diluted	A9	(0.68)	(12.20)	(2.51)	(10.25)

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 SEPTEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.09.2018 RM'000	31.12.2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	438,152	448,628
Intangible assets		2,510	2,510
Deferred tax assets		36,564	36,116
Concession financial assets	A11	82,925	85,990
Trade receivables		48,233	51,548
		<u>608,384</u>	<u>624,792</u>
Current assets			
Inventories		127,055	117,204
Trade and other receivables		247,092	256,756
Other current assets		31,075	47,812
Tax recoverable		8,710	8,713
Derivatives assets	A12	-	953
Cash and bank balances	A13	35,928	46,909
		<u>449,860</u>	<u>478,347</u>
TOTAL ASSETS		<u>1,058,244</u>	<u>1,103,139</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	437,059	475,080
Trade and other payables		149,889	172,703
Other current liabilities		12,037	-
Derivatives liabilities	A12	3,421	-
Income tax payable		3,847	1,253
		<u>606,253</u>	<u>649,036</u>
Net current liabilities		<u>(156,393)</u>	<u>(170,689)</u>
Non-current liabilities			
Loans and borrowings	A14	151,687	139,285
Trade payables		10,916	12,524
Deferred tax liabilities		17,685	17,088
		<u>180,288</u>	<u>168,897</u>
Total liabilities		<u>786,541</u>	<u>817,933</u>
Net assets		<u>271,703</u>	<u>285,206</u>
Equity attributable to equity holders of the Company			
Share capital		238,321	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(763)	(529)
Hedge reserve		(2,599)	723
Revenue reserves		75,647	83,598
		<u>273,306</u>	<u>284,813</u>
Non-controlling interests		(1,603)	393
Total equity		<u>271,703</u>	<u>285,206</u>
TOTAL EQUITY AND LIABILITIES		<u>1,058,244</u>	<u>1,103,139</u>
Net assets per share attributable to owners of the Company (sen)		86	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 SEPTEMBER 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 2017	331,191	329,431	238,321	(37,300)	330	578	127,502	1,760
Loss for the period	(32,835)	(32,504)	-	-	-	-	(32,504)	(331)
Other comprehensive income	(907)	(696)	-	-	(759)	63	-	(211)
Total comprehensive income	(33,742)	(33,200)	-	-	(759)	63	(32,504)	(542)
	297,449	296,231	238,321	(37,300)	(429)	641	94,998	1,218
Transaction with owners:								
Dividends on ordinary shares	(9,512)	(9,512)	-	-	-	-	(9,512)	-
At 30 September 2017	287,937	286,719	238,321	(37,300)	(429)	641	85,486	1,218

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 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	(9,883)	(7,951)	-	-	-	-	(7,951)	(1,932)
Other comprehensive income	(3,620)	(3,556)	-	-	(234)	(3,322)	-	(64)
Total comprehensive income	(13,503)	(11,507)	-	-	(234)	(3,322)	(7,951)	(1,996)
At 30 September 2018	271,703	273,306	238,321	(37,300)	(763)	(2,599)	75,647	(1,603)

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 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current period to date	Preceding year corresponding period
Note	30.09.2018 RM'000	30.09.2017 RM'000
Operating activities		
Loss before tax	(2,024)	(16,682)
Adjustments for:		
Bad debts written off	100	-
Depreciation of property, plant and equipment	16,566	18,360
Finance income from concessions financial assets	-	(3,305)
Gain on disposal of property, plant and equipment	(96)	-
Interest expense	19,987	23,590
Interest income	(353)	(2,237)
Inventories written down	5	330
Reversal of amortisation of trade payables	-	(186)
Reversal of impairment loss of trade receivables, net	(55)	(108)
Unrealised loss on foreign exchange	5,837	775
Unwinding of discount on finance lease	-	(6)
Operating cash flows before working capital changes	39,967	20,531
Changes in working capital:		
Increase in inventories	(9,855)	(11,455)
Decrease/ (increase) in trade and other receivables	12,936	(10,241)
Decrease in other current assets	28,774	106,139
Decrease in trade and other payables	(27,696)	(40,185)
Decrease in derivative liabilities	-	(36)
(Increase)/ decrease in concessions financial assets	(2,206)	4,116
Total changes in working capital	1,953	48,338
Cash generated from operations	41,920	68,869
Interest paid	(19,987)	(23,590)
Tax paid, net of refund	(4,058)	(5,953)
Net cash flows generated from operating activities	17,875	39,326



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current period to date 30.09.2018 RM'000	Preceding year corresponding period 30.09.2017 RM'000
Investing activities			
Proceeds from disposal of property, plant and equipment		90	-
Purchase of property, plant and equipment		(6,084)	(6,677)
Interest received		353	2,237
Net cash used in investing activities		<u>(5,641)</u>	<u>(4,440)</u>
Financing activities			
Repayment from borrowings		(9,546)	(22,941)
Dividend paid on ordinary shares		-	(9,512)
Decrease in cash and bank balances pledged for bank borrowings		1,580	1,610
Net cash used in financing activities		<u>(7,966)</u>	<u>(30,843)</u>
Net increase in cash and cash equivalents		4,268	4,043
Effect on exchange rate changes		3,034	(6,354)
Cash and cash equivalents at 1 January		17,678	48,092
Cash and cash equivalents at 30 September	A13	<u>24,980</u>	<u>45,781</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 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 23 November 2018.

A2. Significant accounting policies

These interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

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:

Description	Effective for annual periods beginning on or after
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



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

A2. Significant accounting policies (Contd.)

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.

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 September 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.



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A2. Significant accounting policies (Contd.)

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

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 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 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
Revenue														
External customers	480,386	714,696	15,860	18,254	62,995	77,475	14,587	13,480	573,828	823,905	-	-	573,828	823,905
Inter-segment	-	-	-	-	-	-	3,965	4,050	3,965	4,050	(3,965)	(4,050)	-	-
Total revenue	480,386	714,696	15,860	18,254	62,995	77,475	18,552	17,530	577,793	827,955	(3,965)	(4,050)	573,828	823,905
Segment profit/(loss)	22,011	45,060	(104)	249	810	(41,304)	(24,741)	(20,687)	(2,024)	(16,682)	-	-	(2,024)	(16,682)

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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 83.7% (30 September 2017: 86.7%) of the total revenue of the Group for the period ended 30 September 2018 and is the main contributor to the Group’s operating profit in 2018.

The segment recorded a revenue and profit before tax of RM480.4 million and RM22.0 million respectively for the period ended 30 September 2018 as compared to revenue and profit before tax of RM714.7 million and RM45.1 million respectively in the corresponding period ended 30 September 2017. Revenue was higher in the previous period due to several exceptional orders received. 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 telecommunication cables will continue to improve.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.8% (30 September 2017: 2.2%) of the total revenue of the Group for the period ended 30 September 2018.

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

This segment recorded loss before tax of RM0.1 million when compared with corresponding period ended 30 September 2017 profit before tax of RM0.2 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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A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 11.0% (30 September 2017: 9.4%) of the total revenue of the Group for the period ended 30 September 2018.

The segment recorded a revenue and profit before tax of RM63.0 million and RM0.8 million respectively for the financial period ended 30 September 2018 as compared to revenue of RM77.5 million and loss before tax of RM41.3 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 September 2018, power generation, helicopter services and corporate segment contributed RM14.6 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.

Consolidated profit before tax

The Group recorded a loss before tax of RM2.0 million (30 September 2017: loss before tax of RM16.7 million) for the period ended 30 September 2018, principally due to losses incurred in transmission lines construction segment for the period ended 30 September 2017. The Group records a solid EBITA at RM34.5 million for the period ended 30 September 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 9 months ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Bad debts written off	-	-	100	-
Depreciation of property, plant and equipment	5,515	6,721	16,566	18,360
Finance income from concession financial assets	-	(1,118)	-	(3,305)
Gain on disposal of property, plant and equipment	(90)	-	(96)	-
Interest expense	6,860	8,090	19,987	23,590
Interest income	(154)	(479)	(353)	(2,237)
Inventories written down	-	148	5	330
Reversal of impairment loss of trade receivables, net	-	(25)	(55)	(108)
Reversal of amortisation of payables	-	(186)	-	(186)
Unrealised loss on foreign exchange	395	(69)	5,837	755
Unwinding of discount on finance lease	-	-	-	(6)

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A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
Current income tax:				
Based on results for the period	3,389	1,689	6,998	4,901
Over provision of deferred tax in respect of previous period	(438)	(154)	(525)	(154)
Deferred income tax	220	5,865	1,386	11,406
	<u>3,171</u>	<u>7,400</u>	<u>7,859</u>	<u>16,153</u>

The effective tax rate for the current quarter and previous quarter ended 30 September 2018 and 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 per share

Basic loss per share amounts are calculated by dividing loss 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 loss per share is presented as equal to basic loss per share.

The following are the loss and share data used in the computation of basic and diluted loss per share:

	Current year quarter		Current year to date	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
Loss net of tax attributable to equity holders The Company (RM'000)	(2,156)	(38,685)	(7,951)	(32,504)
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 per share (sen per ordinary share)	<u>(0.68)</u>	<u>(12.20)</u>	<u>(2.51)</u>	<u>(10.25)</u>
Diluted loss per share (sen per ordinary share)	<u>(0.68)</u>	<u>(12.20)</u>	<u>(2.51)</u>	<u>(10.25)</u>



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A10. Property, plant and equipment

During the period ended 30 September 2018, the Group acquired assets at the cost of RM6.1 million (30 September 2017: RM6.7 million).

A11. Concession financial assets

	30 September 2018 RM'000	31 December 2017 RM'000
At 1 January	85,990	83,729
Concession construction revenue	2,206	7,735
Accrued financial income	-	4,434
Exchange difference	(5,271)	(9,908)
At 30 September 2018/31 December 2017	<u>82,925</u>	<u>85,990</u>

A12. Fair Value hierarchy

The Group held commodity forward contracts carried at fair value based on Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. The identical assets and liabilities as follows:

	30 September 2018 RM'000	31 December 2017 RM'000
Derivatives assets	-	953
Derivatives liabilities	<u>3,421</u>	<u>-</u>

There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the quarter.

A13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30 September 2018 RM'000	31 December 2017 RM'000
Cash in hand and at banks	22,056	19,121
Deposits with licensed banks	<u>13,872</u>	<u>27,788</u>
Cash and bank balances	<u>35,928</u>	<u>46,909</u>



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

A13. Cash and bank balances (Contd.)

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

	30 September 2018 RM'000	31 December 2017 RM'000
Cash in hand and at banks	27,902	19,090
Deposits with licensed banks	-	12,367
Less: Bank overdraft	(2,922)	(13,779)
Cash and cash equivalents	<u>24,980</u>	<u>17,678</u>

A14. Loans and borrowings

	30 September 2018 RM'000	31 December 2017 RM'000
Current		
Secured	47,809	96,264
Unsecured	389,250	378,816
	<u>437,059</u>	<u>475,080</u>
Non-current		
Secured	145,799	132,170
Unsecured	5,888	7,115
	<u>151,687</u>	<u>139,285</u>
	<u>588,746</u>	<u>614,365</u>

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

	30 September 2018 USD'000	31 December 2017 USD'000
USD term loan	7,687	7,157

A15. Dividend paid

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

A16. Commitments

	30 September 2018 RM'000	31 December 2017 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	28,623	29,949
Approved but not contracted for:		
Property, plant and equipment	10,853	5,501
	<u>39,476</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 September 2018 and 30 September 2017 as well as the balances with the related parties as at 30 September 2018 and 31 December 2017.

		Sales to related parties RM'000	September Purchases from related parties RM'000	September /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	5,067	-	993	-
Syarikat SESCO Berhad	2018	13,725	-	1,105	-
	2017	10,153	-	6,572	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2018	4,187	135,743	-	14,632
	2017	3,404	179,773	350	15,648
Leader Universal Aluminium Sdn. Bhd.	2018	240	7,376	-	-
	2017	3,280	170,959	14	12,393



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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 September 2018 is less than the immediate preceding quarter mainly due to losses incurred in transmission lines construction segment recognized in the preceding quarter.

B5. Commentary on prospects

The Group anticipates improving performance in the coming months, barring any unforeseen circumstances.

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 SEPTEMBER 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 September 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 September 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 23 November 2018.

By order of the Board

Teoh Wen Jinq
Company Secretary
23 November 2018