



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue		132,403	218,295	608,519	793,528
Cost of sales		(121,560)	(221,523)	(571,992)	(758,066)
Gross profit/(loss)		10,843	(3,228)	36,527	35,462
Other operating income		1,103	23,773	11,538	29,712
Administrative expenses		(8,169)	(11,287)	(26,439)	(30,246)
Other operating expenses		(12,050)	(69,110)	(25,493)	(84,304)
Operating loss		(8,273)	(59,852)	(3,867)	(49,376)
Finance costs		(6,180)	(9,953)	(21,716)	(31,008)
Loss before tax	A7	(14,453)	(69,805)	(25,583)	(80,384)
Income tax expense	A8	3,318	(4,598)	553	(6,252)
Loss for the year		(11,135)	(74,403)	(25,030)	(86,636)
Other comprehensive (loss)/income					
Exchange differences on translation of foreign operation		(63)	57	111	(111)
Net movement of cash flow hedges		(340)	3,409	1,514	2,800
Income tax related to cash flow hedges		82	(818)	(363)	(672)
Other comprehensive (loss)/income for the year, net of tax		(321)	2,648	1,262	2,017
Total comprehensive loss for the year, net of tax		(11,456)	(71,755)	(23,768)	(84,619)
Loss for the year attributable to:					
Equity holders of the company		(9,276)	(74,611)	(23,058)	(85,536)
Non-controlling interests		(1,859)	208	(1,972)	(1,100)
		(11,135)	(74,403)	(25,030)	(86,636)
Total comprehensive loss for the year, net of tax attributable to:					
Equity holders of the company		(9,585)	(71,976)	(21,822)	(83,495)
Non-controlling interests		(1,871)	221	(1,946)	(1,124)
		(11,456)	(71,755)	(23,768)	(84,619)
Loss per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(0.03)	(23.54)	(0.07)	(26.98)
Diluted	A9	(0.03)	(23.54)	(0.07)	(26.98)

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 31 DECEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2020 RM'000	31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	256,194	273,226
Intangible assets		2,510	2,510
Deferred tax assets		30,777	30,666
Concession financial assets	A11	98,938	99,863
Trade receivables		24,177	29,297
		<u>412,596</u>	<u>435,562</u>
Current assets			
Inventories		98,686	140,654
Trade and other receivables		180,160	255,083
Other current assets		2,011	6,287
Contract assets		-	1,965
Tax recoverable		8,189	4,683
Cash and bank balances	A13	42,486	90,130
		<u>331,532</u>	<u>498,802</u>
TOTAL ASSETS		<u><u>744,128</u></u>	<u><u>934,364</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	375,532	445,831
Lease liabilities		199	3,002
Trade and other payables		116,023	193,172
Contract liabilities		13,774	24,654
Derivatives liabilities	A12	-	1,513
Income tax payable		567	490
		<u>506,095</u>	<u>668,662</u>
Net current liabilities		<u>(174,563)</u>	<u>(169,860)</u>
Non-current liabilities			
Loans and borrowings	A14	92,048	81,763
Lease liabilities		710	3,612
Trade payables		6,541	14,197
Deferred tax liabilities		4,946	8,619
		<u>104,245</u>	<u>108,191</u>
Total liabilities		<u>610,340</u>	<u>776,853</u>
Net assets		<u>133,788</u>	<u>157,511</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		(702)	(787)
Hedge reserve		-	(1,151)
Accumulated losses		(62,398)	(39,457)
		<u>137,921</u>	<u>159,626</u>
Non-controlling interests		(4,133)	(2,115)
Total equity		<u>133,788</u>	<u>157,511</u>
TOTAL EQUITY AND LIABILITIES		<u><u>744,128</u></u>	<u><u>934,364</u></u>
Net assets per share attributable to owners of the Company (sen)		42	50

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 YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Total equity attributable to equity holders of the Company, total	Attributable to equity holders of the Company					Revenue reserves/ (Accumulated loss)	Non-controlling interests
			Share capital	Reverse acquisition reserve	Foreign currency translation reserves	Hedge reserve	Distributable		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2019	242,130	243,121	238,321	(37,300)	(700)	(3,279)	46,079	(991)	
Loss for the year	(86,636)	(85,536)	-	-	-	-	(85,536)	(1,100)	
Other comprehensive income	2,017	2,041	-	-	(87)	2,128	-	(24)	
Total comprehensive income	(84,619)	(83,495)	-	-	(87)	2,128	(85,536)	(1,124)	
At 31 December 2019	157,511	159,626	238,321	(37,300)	(787)	(1,151)	(39,457)	(2,115)	

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 YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Total equity attributable to equity holders of the Company, total	Attributable to equity holders of the Company					Non-controlling interests
			Share capital	Reverse acquisition reserve	Foreign currency translation reserves	Hedge reserve	Revenue reserves/ (Accumulated loss)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	157,511	159,626	238,321	(37,300)	(787)	(1,151)	(39,457)	(2,115)
Loss for the year	(25,030)	(23,058)	-	-	-	-	(23,058)	(1,972)
Other comprehensive income	1,262	1,236	-	-	85	1,151	-	26
Total comprehensive income	(23,768)	(21,822)	-	-	85	1,151	(23,058)	(1,946)
Dilution of interest in a subsidiary	45	117	-	-	-	-	117	(72)
At 31 December 2020	133,788	137,921	238,321	(37,300)	(702)	-	(62,398)	(4,133)

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 YEAR ENDED
31 DECEMBER 2020**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current year to date 31.12.2020 RM'000	Preceding year corresponding year 31.12.2019 RM'000
Operating activities			
Loss before tax		(25,583)	(80,384)
Adjustments for:			
Allowance for impairment loss on:			
- Trade receivables	A7	-	1,730
- Other receivables	A7	-	192
Bad debts written off	A7	-	2,672
Depreciation of property, plant and equipment	A7	17,608	20,871
Finance income from concessions financial assets	A7	(5,141)	(5,158)
Gain on disposal of property, plant and equipment, net	A7	(82)	(17,416)
Gain on disposal of asset held for sale	A7	-	(715)
Impairment of concession financial assets	A7	5,558	4,900
Impairment of property, plant and equipment	A7	-	58,000
Interest income	A7	(783)	(1,294)
Interest expense	A7	21,716	31,008
Inventories written down	A7	207	1,658
Property, plant and equipment written off	A7	260	1,318
Reversal of allowance for impairment loss of trade receivables	A7	-	(548)
Unrealised gain on foreign exchange, net	A7	(1,395)	(1,752)
Operating cash flows before working capital changes		12,365	15,082
Changes in working capital:			
Decrease/(increase) in inventories		41,761	(18,891)
Decrease/(increase) in trade and other receivables		81,367	(51,115)
Increase in concessions financial assets		(2,314)	(4,612)
(Increase)/decrease in other current assets		(2,529)	19,822
(Decrease)/increase in trade and other payables		(85,396)	89,833
Total changes in working capital		32,889	35,037
Cash generated from operations		45,254	50,119
Interest paid		(21,716)	(31,008)
Real property gain tax paid		-	(2,848)
Tax paid, net of refund		(5,874)	(2,160)
Net cash flows generated from operating activities		17,664	14,103



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

		Current year to date	Preceding year corresponding year
		31.12.2020	31.12.2019
	Note	RM'000	RM'000
Investing activities			
Proceeds from disposal of property, plant and equipment		1,386	97,384
Proceeds from disposal of assets held for sale		-	2,906
Purchase of property, plant and equipment		(2,264)	(8,324)
Interest received		783	1,294
Net cash (used in)/from investing activities		<u>(95)</u>	<u>93,260</u>
Financing activities			
Repayment from borrowings		(66,105)	(43,808)
Repayment of lease liabilities		-	(19,541)
Settlement of lease		-	(42)
Increase in cash and bank balances pledged for bank borrowings		421	14,704
Net cash used in financing activities		<u>(65,684)</u>	<u>(48,687)</u>
Net (decrease)/increase in cash and cash equivalents		(48,115)	58,676
Effect on exchange rate changes		2,931	(1,771)
Cash and cash equivalents at 1 January		84,184	27,279
Cash and cash equivalents at 31 December	A13	<u>39,000</u>	<u>84,184</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 YEAR ENDED 31 DECEMBER 2020

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 26 February 2021.

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 for the year ended 31 December 2019.

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 2019 except for the adoption of new standards effective as at 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 7, *Financial Instruments: Disclosures*, MFRS 9, *Financial Instruments*, and MFRS 139, *Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

The initial application of the above does not have any material impact on the financial statement of the Group.

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

The COVID-19 pandemic is disrupting business environments, dampening consumer and business sentiments, and dismantling supply chains and financial markets. To curb the spread of COVID-19 virus in Malaysia, the Movement Control Order (“MCO”) was implemented since 18 March 2020. The Group was impacted as operations were not allowed during the MCO as the nature of our business is considered non-essential activity which is prohibited to operate during the MCO period.

The MCO was eased into a Conditional MCO (“CMCO”) from 4 May 2020 to 9 June 2020 and on 7 June 2020, the Malaysian Government announced that CMCO will end on 9 June 2020 and Malaysia will ease into a Recovery MCO (“RMCO”) from 10 June 2020 until 31 August 2020.

Although operations have since re-commenced, but under strict Standard Operating Procedures, the Group is faced with disrupted operational efficiency and sub-optimal utilization of assets. Collectively, this will have an impact on the Group’s performance.

Except for the above, there was no other 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 cables and wires		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Total		Adjustments/elimination		Per condensed consolidated financial statements	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	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	540,807	696,561	15,355	17,809	45,892	63,977	6,465	15,181	608,519	793,528	-	-	608,519	793,528
Inter-segment	-	7,188	-	-	-	-	23,340	6,155	23,340	13,343	(23,340)	(13,343)	-	-
Total revenue	540,807	703,749	15,355	17,809	45,892	63,977	29,805	21,336	631,859	806,871	(23,340)	(13,343)	608,519	793,528
Segment profit/(loss)	1,079	49,181	(2,221)	(1,659)	(1,752)	(24,513)	(22,689)	(103,393)	(25,583)	(80,384)	-	-	(25,583)	(80,384)

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

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 cables and wires 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 cables and wires

The sales of cables and wires segment contributed 88.9% (31 December 2019: 87.8%) of the total revenue of the Group for the year ended 31 December 2020 and is the main contributor to the Group’s operating profit in 2020.

The segment recorded a revenue and profit before tax of RM540.8 million and RM1.1 million respectively for the year ended 31 December 2020 as compared to revenue and profit before tax of RM696.6 million and RM49.2 million respectively in the corresponding year ended 31 December 2019. Performance has dropped as a result of the interruptions to operations during the various control orders. Market demand for products under this segment has been challenging during the year. The Group continues to explore opportunity to increase its markets share locally and overseas.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.5% (31 December 2019: 2.2%) of the total revenue of the Group for the year ended 31 December 2020.

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

This segment recorded loss before tax of RM2.2 million when compared with corresponding year ended 31 December 2019. Market demand for products under this segment has been relatively weak.

The Group continues to explore opportunities to supply and sell its products and services in Malaysia and especially in Borneo Island.



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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 7.5% (31 December 2019: 8.1%) of the total revenue of the Group for the year ended 31 December 2020.

The segment recorded a revenue and loss before tax of RM45.9 million and RM1.8 million respectively for the financial year ended 31 December 2020 as compared to revenue of RM64.0 million and loss before tax of RM24.5 million respectively for the corresponding period in 2019.

The Group’s continuous plans for the power transmission industry include active participation in works as subcontractors and implement and strengthen our project management team to better manage the cost and completion timeline of on-going projects.

The Group has recently received and accepted a variation order for one of its projects amounting to RM190.6 million, (“the Contract”). The Contract will contribute positively to the Group.

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 31 December 2020 power generation, helicopter services and corporate segment contributed RM6.5 million to the total revenue of the Group.

The construction of hydro dam in Medan Indonesia is near completion, however, work was interrupted as Indonesia is observing a lockdown in view of the pandemic. We have obtained consent to resume work partially and based on the revised timeline, the hydro dam is expected to be commissioned by second half of 2021.

The hydro dam itself is already completed. We are now in the process of completing the overhead lines which will ultimately connect the hydro dam to the Indonesian Government-owned corporation, Perusahaan Listrik Negara (“PLN”) sub-station. The overhead lines are progressing well, however, due to the travel restrictions as a result of the lockdown, we have had to defer some works until the Indonesian authorities liberalize their travel restrictions. We are pleased to report that our team is able to travel to Indonesia to resume work by next month.

In the current period under review and due to compliance with IC Interpretation 12: Service Concession Arrangement under the financial assets model, we have recognised finance cost amounting to RM5.1 million. This finance cost represents loan taken to finance construction of the hydro dam.

The Group also recognised an unrealised foreign exchange gain of approximately RM2.0 million upon translation from Indonesia Rupiah to Ringgit Malaysia.



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A5. Segment information (contd.)

Consolidated loss before tax

The Group recorded a loss before tax of RM25.6 million (31 December 2019: loss before tax of RM80.4 million) for the year ended 31 December 2020, principally due to losses incurred in transmission lines construction segment, power generation and aviation segment. The Group records a solid EBITA at RM19.3 million for the year ended 31 December 2020.

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

A6. Seasonality of operations

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

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Allowance for impairment loss on:				
- Trade receivables	-	1,730	-	1,730
- Other receivables	-	192	-	192
Bad debts written off	-	2,672	-	2,672
Depreciation of property, plant and equipment	4,264	4,880	17,608	20,871
Finance income from concession financial assets	(1,272)	(3,926)	(5,141)	(5,158)
Gain on disposal of property, plant and equipment	(82)	(17,647)	(82)	(17,416)
Gain on disposal of asset held for sale	-	(715)	-	(715)
Impairment of concession financial assets	5,558	4,900	5,558	4,900
Impairment of property, plant and equipment	-	58,000	-	58,000
Interest income	(155)	(239)	(783)	(1,294)
Interest expense	6,180	9,953	21,716	31,008
Inventories written down	125	1,647	207	1,658
Property, plant and equipment written off	49	1,318	260	1,318
Provision for doubtful debts	-	(300)	-	-
Reversal of allowance for impairment loss of trade receivables	-	(439)	-	(548)
Reversal of impairment of property, plant and equipment	-	660	-	-
Unrealised loss/(gain) on foreign exchange	2,971	1,932	(1,395)	(1,752)



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

A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Current income tax:				
Based on results for the year	456	2,429	3,332	5,104
Over provision of deferred tax in respect of previous period	(1,339)	2,421	(1,357)	878
Deferred income tax	(2,435)	(3,652)	(2,528)	(3,130)
	<u>(3,318)</u>	<u>1,198</u>	<u>(553)</u>	<u>2,852</u>

The effective tax rate for the current quarter ended 31 December 2020, and quarter and financial year ended 31 December 31 December 2019 was 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.

The effective tax rate for the financial year ended 31 December 2020 is lower than the statutory tax rate due to recognition of unutilised business losses and unabsorbed capital allowances.

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	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Loss net of tax attributable to equity holders the Company (RM'000)	<u>(9,276)</u>	<u>(74,611)</u>	<u>(23,058)</u>	<u>(85,536)</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 loss per share (sen per ordinary share)	<u>(0.03)</u>	<u>(23.54)</u>	<u>(0.07)</u>	<u>(26.98)</u>
Diluted loss per share (sen per ordinary share)	<u>(0.03)</u>	<u>(23.54)</u>	<u>(0.07)</u>	<u>(26.98)</u>



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

A10. Property, plant and equipment

During the year ended 31 December 2020, the Group acquired assets at the cost of RM2.3 million (31 December 2019: RM8.3 million).

A11. Concession financial assets

	31 December 2020 RM'000	31 December 2019 RM'000
At 1 January	99,863	92,671
Concession construction revenue	2,314	4,612
Accrued financial income	5,141	5,158
Exchange difference	(2,822)	2,322
Impairment	(5,558)	(4,900)
At 31 December 2020/2019	<u>98,938</u>	<u>99,863</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 identified assets and liabilities were as follows:

	31 December 2020 RM'000	31 December 2019 RM'000
Derivatives liabilities	<u>-</u>	<u>1,513</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:

	31 December 2020 RM'000	31 December 2019 RM'000
Cash in hand and at banks	39,000	26,146
Deposits with licensed banks	3,486	63,984
Cash and bank balances	<u>42,486</u>	<u>90,130</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:

	31 December 2020 RM'000	31 December 2019 RM'000
Cash and bank balances	42,486	90,130
Less: Bank overdrafts	-	(2,039)
Cash restricted for repayment	-	(2,034)
Deposits pledged	(3,486)	(1,873)
Cash and cash equivalents	<u>39,000</u>	<u>84,184</u>

A14. Loans and borrowings

	31 December 2020 RM'000	31 December 2019 RM'000
Current		
Secured	56,313	46,869
Unsecured	319,219	398,962
	<u>375,532</u>	<u>445,831</u>
Non-current		
Secured	91,194	-
Unsecured	854	81,763
	<u>92,048</u>	<u>81,763</u>
	<u>467,580</u>	<u>527,594</u>

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

	31 December 2019 USD'000	31 December 2018 USD'000
USD term loan	<u>5,619</u>	<u>7,589</u>

A15. Dividend paid

No dividend had been paid for the year ended 31 December 2020.

A16. Commitments

	31 December 2020 RM'000	31 December 2019 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	491	181
Approved but not contracted for:		
Property, plant and equipment	9,299	3,687
	<u>9,790</u>	<u>3,868</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 year ended 31 December 2020 and 31 December 2019 as well as the balances with the related parties as at 31 December 2020 and 31 December 2019.

		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:					
Syarikat SESCO Berhad	2020	11,864	-	893	-
	2019	11,954	-	2,499	-
<hr/>					
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2020	2,522	154,784	-	9,599
	2019	3,474	144,963	413	20,438
<hr/>					
Leader Universal Aluminium Sdn. Bhd.	2020	-	184	-	-
	2019	5,947	-	-	225



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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 loss before taxation

Comparing the results for the quarter ended 31 December 2020 to the immediate preceding quarter, the preceding quarter's result were affected due to impairment for one (1) unit of helicopter, additional cost incurred and provisions made in the transmission lines construction segment.

B5. Commentary on prospects

With the recently awarded contract as mentioned in Note A5, the Group is confident of positive contribution from the transmission lines construction segment.

The Group's cable and wires segment remains strong with good book orders, our aviation segment will be undertaking contracts of manageable quantum and the power generation segment will be contributing positively with the commissioning of the hydro dam by second half of 2021.

The Group will continue to build and expand its market under galvanized products and steel structures segment.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

- (a) The Company had received a letter dated 7 August 2019 issued by the Corporate Debt Restructuring Committee ("CDRC") under the purview of Bank Negara, approving the Company's application for assistance to mediate between the Company and certain of its subsidiaries (collectively, the "Affected Companies") with its respective financiers ("the Lenders").

This is part of the Company's proactive effort in managing its debt exposure to safeguard the Affected Companies, whose core businesses are still viable.

The Standstill Letter was issued by CDRC to the Lenders on 7 August 2019.

On 11 December 2020, the Affected Companies had entered into relevant agreements with their respective Lenders under a Restructuring Scheme ("the RS").

The successful completion of RS will improve the Affected Companies financial position to weather current challenging market condition and to sustain our businesses.

The operations of the Affected Companies shall remain as usual.

- (b) On 22 February 2021, the Company announced that it proposed to undertake the proposed private placement of up to 95,115,000 new ordinary shares in the Company ("Shares") representing up to 30% of the total number of issued shares of the Company ("Proposed Private Placement").

As at the date of this report, the Company is in the midst of preparing to submit its additional listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ("Bursa Securities").



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

B8. Changes in material litigation

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

B9. Dividends payable

No dividend was payable for the year ended 31 December 2020.

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 31 December 2020 and 31 December 2019 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 year ended 31 December 2019 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 26 February, 2021.

By order of the Board