



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

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021**

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

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Revenue		130,434	152,695	130,434	152,695
Cost of sales		(123,687)	(145,848)	(123,687)	(145,848)
Gross profit		6,747	6,847	6,747	6,847
Other operating income		4,805	12,324	4,805	12,324
Administrative expenses		(5,695)	(6,614)	(5,695)	(6,614)
Other operating expenses		(4,039)	(4,757)	(4,039)	(4,757)
Operating profit		1,818	7,800	1,818	7,800
Finance costs		(4,051)	(5,097)	(4,051)	(5,097)
Profit/ before tax	A7	2,233	2,703	2,233	2,703
Income tax expense	A8	(171)	(519)	(171)	(519)
(Loss)/profit for the period		(2,404)	2,184	(2,404)	2,184
Other comprehensive loss					
Exchange differences on translation of foreign operation		(1,917)	(807)	(1,917)	(807)
Net movement of cash flow hedges		-	(3,627)	-	(3,627)
Income tax related to cash flow hedges		-	871	-	870
Other comprehensive loss for the period, net of tax		(1,917)	(3,564)	(1,917)	(3,564)
Total comprehensive loss for the period, net of tax		(4,321)	(1,380)	(4,321)	(1,380)
<b>(Loss)/Profit for the period attributable to:</b>					
Equity holders of the company		(2,567)	550	(2,567)	550
Non-controlling interests		163	1,634	163	1,634
		(2,404)	2,184	(2,404)	2,184
<b>Total comprehensive loss for the period, net of tax attributable to:</b>					
Equity holders of the company		(4,069)	(2,839)	(4,069)	(2,839)
Non-controlling interests		(252)	1,459	(252)	1,459
		(4,321)	(1,380)	(4,321)	(1,380)
<b>(Loss)/ earnings per share attributable to Equity holders of the company (sen per share):</b>					
Basic	A9	(0.81)	0.17	(0.81)	0.17
Diluted	A9	(0.81)	0.17	(0.81)	0.17

*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 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	31.03.2021 RM'000	31.12.2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	253,341	258,074
Intangible assets		2,510	2,510
Deferred tax assets		36,734	36,508
Concession financial assets	A11	100,457	99,045
Trade receivables		20,511	20,512
		<u>413,553</u>	<u>416,649</u>
<b>Current assets</b>			
Inventories		106,846	98,685
Trade and other receivables		160,599	171,643
Other current assets		2,326	11,702
Contract assets		-	3
Tax recoverable		8,969	8,188
Cash and bank balances	A12	39,897	42,500
		<u>318,637</u>	<u>332,721</u>
<b>TOTAL ASSETS</b>		<u><u>732,190</u></u>	<u><u>749,370</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	A13	383,742	395,807
Trade and other payables		97,528	114,222
Contract liabilities		31,551	15,956
Income tax payable		639	567
		<u>513,460</u>	<u>526,552</u>
<b>Net current liabilities</b>		<u>(194,823)</u>	<u>(193,831)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A13	73,131	72,681
Trade payables		6,542	6,542
Deferred tax liabilities		10,997	11,214
		<u>90,670</u>	<u>90,437</u>
<b>Total liabilities</b>		<u>604,130</u>	<u>616,989</u>
<b>Net assets</b>		<u>128,060</u>	<u>132,381</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		(2,197)	(695)
Accumulated losses		(67,079)	(64,512)
		<u>131,745</u>	<u>135,814</u>
Non-controlling interests		(3,685)	(3,433)
<b>Total equity</b>		<u>128,060</u>	<u>132,381</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>732,190</u></u>	<u><u>749,370</u></u>
Net assets per share attributable to owners of the Company (sen)		40	42

*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 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Total Equity</b>	<b>Total equity attributable to equity holders of the Company, total</b>	<b>Attributable to equity holders of the Company</b>					<b>Non-controlling interests</b>
			<b>Share capital</b>	<b>Reverse acquisition reserve</b>	<b>Foreign currency translation reserves</b>	<b>Hedge reserve</b>	<b>Revenue reserves</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	157,511	159,626	238,321	(37,300)	(787)	(1,151)	(39,457)	(2,115)
Loss for the period	2,184	550	-	-	-	-	550	1,634
Other comprehensive income	(3,564)	(3,388)	-	-	(632)	(2,756)	-	(176)
Total comprehensive (loss)/income	(1,380)	(2,838)	-	-	(632)	(2,756)	550	1,458
At 31 March 2020	156,131	156,788	238,321	(37,300)	(1,419)	(3,907)	(38,907)	(657)

*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 31 MARCH 2021**

**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 2021	132,381	135,814	238,321	(37,300)	(695)	-	(64,512)	(3,433)
Profit for the period	(2,404)	(2,567)	-	-	-	-	(2,567)	163
Other comprehensive loss	(1,917)	(1,502)	-	-	(1,502)	-	-	(415)
Total comprehensive loss	(4,321)	(4,069)	-	-	(1,502)	-	(2,567)	(252)
At 31 March 2021	128,060	131,745	238,321	(37,300)	(2,197)	-	(67,079)	(3,685)

*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 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Current period to date 31.03.2021 RM'000	Preceding year corresponding period 31.03.2020 RM'000
<b>Operating activities</b>			
(Loss)/profit before tax		(2,233)	2,703
Adjustments for:			
Depreciation of property, plant and equipment	A7	4,266	4,257
Finance income from concessions financial assets	A7	(1,305)	(1,370)
Gain on disposal of property, plant and equipment	A7	(115)	(41,884)
Interest income	A7	(689)	(820)
Interest expense	A7	4,051	5,097
Inventories written off	A7	71	-
Unrealised gain on foreign exchange, net	A7	(2,398)	(9,911)
Operating cash flows before working capital changes		1,648	(41,928)
Changes in working capital:			
Increase in inventories		(8,232)	(11,666)
Decrease in trade and other receivables		62,685	28,213
Increase in concessions financial assets		(456)	(1,133)
Decrease in other current assets		24,995	19,407
Decrease in trade and other payables		(13,491)	(8,656)
Total changes in working capital		65,051	26,165
Cash flows generated from/(used in) operations		66,699	(15,763)
Interest paid		(4,051)	(5,097)
Tax paid, net of refund		(1,412)	(521)
Net cash flows from/(used in) operating activities		61,236	(21,381)



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021**

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

	Note	Current period to date 31.03.2021 RM'000	Preceding year corresponding period 31.03.2020 RM'000
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		561	140
Purchase of property, plant and equipment		-	(576)
Interest received		689	820
Net cash generated from investing activities		<u>1,250</u>	<u>384</u>
<b>Financing activities</b>			
Repayment from borrowings		(61,962)	(41,036)
Repayment of lease liabilities		(3,121)	-
Increase in cash and bank balances pledged for bank borrowings		5	2,034
Net cash used in financing activities		<u>(65,078)</u>	<u>(39,002)</u>
<b>Net decrease in cash and cash equivalents</b>		(2,592)	(59,999)
Effect on exchange rate changes		6	10,318
Cash and cash equivalents at 1 January		34,698	84,184
<b>Cash and cash equivalents at 31 March</b>	A13	<u><u>32,370</u></u>	<u><u>34,503</u></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 31 MARCH 2021**

**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 28 May 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 2021.

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 2020, except for the adoption of new standards effective as at 1 January 2021:

- Amendments to MFRS 16, *Covid-19 Related Rent Concessions*
- Amendments to MFRS 7, *Financial Instruments: Disclosures*
- MFRS 9, *Financial Instruments*
- MFRS 139, *Financial Instruments: Recognition and Measurement*
- MFRS 4, *Extension of the Temporary Exemption from Applying MFRS 9*
- MFRS 16, *Leases– Interest Rate Benchmark Reform – Phase 2*

The initial application of the above do 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**

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



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**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 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	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	116,299	145,077	5,819	3,353	7,003	2,069	1,313	2,196	130,434	152,695	-	-	130,434	152,695
Inter-segment	-	-	-	-	-	-	1,355	1,575	1,355	1,575	(1,355)	(1,575)	-	-
<b>Total revenue</b>	<b>116,299</b>	<b>145,077</b>	<b>5,819</b>	<b>3,353</b>	<b>7,003</b>	<b>2,069</b>	<b>2,648</b>	<b>3,771</b>	<b>131,789</b>	<b>154,270</b>	<b>(1,355)</b>	<b>(1,575)</b>	<b>130,434</b>	<b>152,695</b>
<b>Segment profit/(loss)</b>	<b>571</b>	<b>(849)</b>	<b>42</b>	<b>(699)</b>	<b>(922)</b>	<b>(179)</b>	<b>(1,924)</b>	<b>4,430</b>	<b>(2,233)</b>	<b>2,703</b>	<b>-</b>	<b>-</b>	<b>(2,233)</b>	<b>2,703</b>

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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 cable 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 89.2% (31 March 2020: 95.0%) of the total revenue of the Group for the period ended 31 March 2021 and is the main contributor to the Group’s operating profit in 2021.

The segment recorded a revenue and profit before tax of RM116.3 million and RM0.6 million respectively for the period ended 31 March 2021 as compared to revenue and loss before tax of RM145.1 million and RM0.8 million respectively in the corresponding period ended 31 March 2020. Performance has dropped slightly as a result of dampen consumer and business sentiment. Market demand for products under this segment has been challenging during the reporting period. 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 4.5% (31 March 2020: 2.2%) of the total revenue of the Group for the period ended 31 March 2021.

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

This segment recorded profit before tax of RM42k when compared to a loss of RM0.7 million in the corresponding period ended 31 March 2020. Market demand for products under this segment has started to pick up.

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

**Transmission lines construction**

The transmission line construction segment contributed 5.4% (31 March 2020: 1.4%) of the total revenue of the Group for the period ended 31 March 2021.

The segment recorded a revenue and loss before tax of RM7.0 million and RM0.9 million respectively for the financial period ended 31 March 2021 as compared to revenue of RM2.1 million and loss before tax of RM0.2 million respectively for the corresponding period in 2020.

The Group has recently accepted a variation order for a project from Tenaga Nasional Berhad amounting to RM190.6 million which will have positive contribution to the Group’s results.

The Group continuous plans for the power transmission industry, includes 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.

**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 March 2021, power generation, helicopter services and corporate segment contributed RM2.6 million to the total revenue of the Group.

The construction of hydro dam in Medan Indonesia is at 100.0% completion. 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, the testing and commissioning stage is scheduled for back feeding on 31 May 2021.

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 RM1.3 million. This finance cost represents loan taken to finance construction of the hydro dam.



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

**Consolidated profit before tax**

The Group recorded a loss before tax of RM2.2 million (31 March 2020: profit before tax of RM2.7 million) for the period ended 31 March 2021. The performance for 31 March 2020 was due to a rather significant unrealised gain on foreign exchange. The Group records a solid EBITA at RM6.1 million for the period ended 31 March 2021.

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 3 months ended	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Depreciation of property, plant and equipment	4,266	4,257	4,266	4,257
Finance income from concession financial assets	(1,305)	(1,370)	(1,305)	(1,370)
Gain on disposal of property, plant and equipment	(115)	(41,884)	(115)	(41,884)
Interest income	(689)	(820)	(689)	(820)
Interest expense	4,051	5,097	4,051	5,097
Inventories written off	71	-	71	-
Unrealised gain on foreign exchange	(2,398)	(9,911)	(2,398)	(9,911)

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**A8. Income tax expense**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Current income tax:				
Based on results for the period	688	519	688	519
Over provision of deferred tax in respect of previous period	(359)	-	(359)	-
Deferred income tax	(158)	-	(158)	-
	<u>171</u>	<u>519</u>	<u>171</u>	<u>519</u>

The effective tax rate for the current quarter ended 31 March 2021 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 previous financial quarter ended 31 March 2020 is lower than the statutory tax rate due to certain income which is not taxable.

**A9. (Loss)/profit per share**

Basic (loss)/profit 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 (loss)/profit per share is presented as equal to basic (loss)/profit per share.

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

	Current year quarter		Current year to date	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
(Loss)/profit net of tax attributable to equity holders the Company (RM'000)	<u>(2,567)</u>	<u>550</u>	<u>(2,567)</u>	<u>550</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)/earnings per share (sen per ordinary share)	<u>(0.81)</u>	<u>0.17</u>	<u>(0.81)</u>	<u>0.17</u>
Diluted (loss)/earnings per share (sen per ordinary share)	<u>(0.81)</u>	<u>0.17</u>	<u>(0.81)</u>	<u>0.17</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 period ended 31 March 2021, the Group did not acquire any assets (31 March 2020: RM0.6 million).

**A11. Concession financial assets**

	<b>31 March 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
At 1 January	99,045	99,863
Concession construction revenue	456	2,511
Accrued financial income	1,305	5,308
Exchange difference	(349)	(3,016)
Impairment	-	(5,621)
At 31 March 2020/31 December 2020	<u>100,457</u>	<u>99,045</u>

**A12. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>31 March 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Cash in hand and at banks	36,402	27,500
Deposits with licensed banks	3,495	15,000
<b>Cash and bank balances</b>	<u>39,897</u>	<u>42,500</u>

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

	<b>31 March 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Cash and bank balances	39,897	42,500
Less: Bank overdrafts	(1,998)	(1,998)
Cash restricted for repayment	(2,034)	(2,034)
Deposits pledged	(3,495)	(3,500)
<b>Cash and cash equivalents</b>	<u>32,370</u>	<u>34,968</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>31 March 2021 RM’000</b>	<b>31 December 2020 RM’000</b>
<b>Current</b>		
Secured	84,773	60,372
Unsecured	298,969	335,435
	<u>383,742</u>	<u>395,807</u>
<b>Non-current</b>		
Secured	72,411	72,681
Unsecured	720	-
	<u>73,131</u>	<u>72,681</u>
	<u>456,873</u>	<u>468,488</u>

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

	<b>31 March 2021 USD’000</b>	<b>31 December 2020 USD’000</b>
USD term loan	<u>5,619</u>	<u>5,619</u>

**A14. Dividend paid**

No dividend had been paid for the period ended 31 March 2021.

**A15. Commitments**

	<b>31 March 2021 RM’000</b>	<b>31 December 2020 RM’000</b>
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	177	378
Approved but not contracted for:		
Property, plant and equipment	9,313	5,096
	<u>9,490</u>	<u>5,474</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 31 March 2021 and 31 March 2020 as well as the balances with the related parties as at 31 March 2021 and 31 December 2020.

		Sales to related parties	March Purchases from related parties	March 2021/December 2020 Amounts owed by related parties	March 2021/December 2020 Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2021	657	-	405	-
SESCO Berhad	2020	4,279	-	893	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2020	1,648	29,863	4,625	2,872
	2019	204	49,403	-	9,599

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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**

The recorded loss before taxation for the quarter ended 31 March 2021 is lower than the immediate preceding quarter mainly due to impairment of concession financial assets, higher interest expense as well recognition of unrealised loss on foreign exchange in the immediate preceding quarter.

**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 has good book orders, an increase in the book orders for galvanized products and steel structures segment, 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.

However, the COVID-19 pandemic continues to raise concern. At this stage, it is hard to predict reliably the impact it has on the Malaysian and the global economy, the impact on the demand of the products and services provided by the Group, locally and internationally and hence on the Group's business operations. In respect of production, our factories are also affected by strict SOPs enforced by the Government in battling COVID-19. The limit on workforce undoubtedly has impacted our production and this will in turn have a negative impact on our performance.

Having regard to the matters stated above, the Group is unable to disclose with certainty its financial outlook for 2021.

The Group however, will continue to build and expand its market and order book.

**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.





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**B7. Corporate proposals (contd.)**

- (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 (“the Proposal”).

On 17 March 2021, the Company has submitted the additional listing application and draft circular to shareholders of the Company, in relation to the Proposal for Bursa Malaysia Securities Berhad’s (“Bursa Securities”) clearance.

The Company has obtained approval from Bursa Securities for the Proposal on 23 March 2021.

On 7 April 2021, the Company has dispatched the circular to shareholder to seek shareholders’ approval on the Proposal at an Extraordinary General Meeting (“EGM”) to be convened on 23 April 2021.

Shareholders’ approval was obtained at the EGM on 23 April 2021.

On 11 May 2021, the Company raised RM7.65 million with the issuance of 18,525,000 Shares.

**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 period ended 31 March 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 March 2021 and 31 December 2020 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 2020 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 28 May 2021.

By order of the Board