



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		11 months ended	
		30.11.2021 RM'000	30.11.2020 RM'000	30.11.2021 RM'000	30.11.2020 RM'000
Revenue		175,076	N/A	514,199	N/A
Cost of sales		(171,827)	N/A	(499,849)	N/A
Gross profit		3,249	N/A	14,350	N/A
Other operating income		403	N/A	8,462	N/A
Administrative expenses		(5,851)	N/A	(24,548)	N/A
Other operating expenses		(6,990)	N/A	(17,665)	N/A
Operating loss		(9,189)	N/A	(19,401)	N/A
Finance costs		(3,031)	N/A	(15,519)	N/A
Loss before tax	A7	(12,220)	N/A	(34,920)	N/A
Income tax expense	A8	340	N/A	919	N/A
Loss for the period		(11,880)	N/A	(34,001)	N/A
Other comprehensive loss					
Exchange differences on translation of foreign operation		(275)	N/A	(2,363)	N/A
Net movement of cash flow hedges		(159)	N/A	64	N/A
Income tax related to cash flow hedges		39	N/A	(15)	N/A
Other comprehensive loss for the period, net of tax		(395)	N/A	(2,314)	N/A
Total comprehensive loss for the period, net of tax		(12,275)	N/A	(36,315)	N/A
Loss for the period attributable to:					
Equity holders of the company		(11,344)	N/A	(32,976)	N/A
Non-controlling interests		(536)	N/A	(1,025)	N/A
		(11,880)	N/A	(34,001)	N/A
Total comprehensive loss for the period, net of tax attributable to:					
Equity holders of the company		(11,679)	N/A	(34,777)	N/A
Non-controlling interests		(596)	N/A	(1,538)	N/A
		(12,275)	N/A	(36,315)	N/A
Loss per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(3.57)	N/A	(10.40)	N/A
Diluted	A9	(3.57)	N/A	(10.40)	N/A

Notes:

(i) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying notes to the quarter report attached hereto.

(ii) The financial year end has been changed from 31st December to 31st May. The next audited financial statements shall be for a period of seventeen (17) months from 1st January 2021 to 31st May 2022 and thereafter, the financial year end shall be 31st May for each subsequent year.

(iii) In addition, there is no comparative figures available for the preceding year corresponding period ended 30 November 2020.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 NOVEMBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.11.2021 RM'000	31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	243,373	258,074
Intangible assets		2,510	2,510
Deferred tax assets		37,510	36,508
Concession financial assets	A11	108,311	99,045
Trade receivables		21,037	20,512
		<u>412,741</u>	<u>416,649</u>
Current assets			
Inventories		143,580	98,685
Trade and other receivables		174,814	171,643
Other current assets		7,520	11,702
Contract assets		-	3
Derivative assets		64	-
Tax recoverable		10,668	8,188
Cash and bank balances	A13	35,947	42,500
		<u>372,593</u>	<u>332,721</u>
TOTAL ASSETS		<u><u>785,334</u></u>	<u><u>749,370</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	410,700	395,807
Trade and other payables		124,024	114,222
Contract liabilities		36,241	15,956
Income tax payable		634	567
Derivative liabilities		-	-
		<u>571,599</u>	<u>526,552</u>
Net current liabilities		<u>(199,006)</u>	<u>(193,831)</u>
Non-current liabilities			
Loans and borrowings	A14	72,486	72,681
Trade payables		6,542	6,542
Deferred tax liabilities		9,747	11,214
		<u>88,775</u>	<u>90,437</u>
Total liabilities		<u>660,374</u>	<u>616,989</u>
Net assets		<u>124,960</u>	<u>132,381</u>
Equity attributable to equity holders of the Company			
Share capital		267,215	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(2,545)	(695)
Hedge reserve		49	-
Accumulated losses		(97,488)	(64,512)
		<u>129,931</u>	<u>135,814</u>
Non-controlling interests		(4,971)	(3,433)
Total equity		<u>124,960</u>	<u>132,381</u>
TOTAL EQUITY AND LIABILITIES		<u><u>785,334</u></u>	<u><u>749,370</u></u>
Net assets per share attributable to owners of the Company (sen)		39	42

Notes:

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(ii) *The financial year end has been changed from 31st December to 31st May. The next audited financial statements shall be for a period of seventeen (17) months from 1st January 2021 to 31st May 2022 and thereafter, the financial year end shall be 31st May for each subsequent year.*

(iii) *In addition, there is no comparative figures available for the preceding year corresponding period ended 30 November 2020.*



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2021

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 2020	157,511	159,626	238,321	(37,300)	(787)	(1,151)	(39,457)	(2,115)
Loss for the period	(26,447)	(25,172)	-	-	-	-	(25,172)	(1,275)
Other comprehensive income	1,272	1,243	-	-	92	1,151	-	29
Total comprehensive income	(25,175)	(23,929)	-	-	92	-	(25,172)	(1,246)
Transactions with owners	45	117	-	-	-	-	117	(72)
At 31 December 2020	132,381	135,814	238,321	(37,300)	(695)	-	(64,512)	(3,433)

Notes:

(i) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying notes to the quarter report attached hereto.

(ii) The financial year end has been changed from 31st December to 31st May. The next audited financial statements shall be for a period of seventeen (17) months from 1st January 2021 to 31st May 2022 and thereafter, the financial year end shall be 31st May for each subsequent year.

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Attributable to equity holders of the Company						
		Total equity attributable to equity holders of the Company, total	Non-distributable			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/ (Accumulated loss) RM'000	Non-controlling interests RM'000
At 1 January 2021	132,381	135,814	238,321	(37,300)	(695)	-	(64,512)	(3,433)
Loss for the period	(34,001)	(32,976)	-	-	-	-	(32,976)	(1,025)
Other comprehensive income	(2,314)	(1,801)	-	-	(1,850)	49	-	(513)
Total comprehensive income	(36,315)	(34,777)	-	-	(1,850)	49	(32,976)	(1,538)
Issuance of share capital	30,220	30,220	30,220	-	-	-	-	-
Share capital expenses	(1,326)	(1,326)	(1,326)	-	-	-	-	-
At 30 November 2021	124,960	129,931	267,215	(37,300)	(2,545)	49	(97,488)	(4,971)

Notes:

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30.11.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Operating activities			
Loss before tax		(34,920)	(26,454)
Adjustments for:			
Allowance for impairment loss on:			
- Trade receivables	A7	-	2,364
- Other receivables	A7	-	123
Depreciation of property, plant and equipment	A7	15,540	17,620
Finance income from concessions financial assets	A7	(4,825)	(5,308)
Gain on debt modification	A7	-	(1,271)
Gain on disposal of property, plant and equipment	A7	(128)	(9)
Impairment of concessions financial assets	A7	-	5,621
Interest income	A7	(1,804)	(686)
Interest expense	A7	15,519	21,809
Inventories written off	A7	135	434
Property, plant and equipment written off	A7	-	302
Reversal of allowance for impairment loss of trade receivables	A7	-	(496)
Unrealised gain on foreign exchange, net	A7	(60)	(1,763)
Operating cash flows before working capital changes		<u>(10,543)</u>	<u>12,463</u>
Changes in working capital:			
(Increase)/decrease in inventories		(45,030)	41,534
(Increase)/decrease in trade and other receivables		(1,360)	90,888
Increase in concessions financial assets		(2,256)	(2,511)
Decrease/(increase) in other current assets		24,527	(12,027)
Increase/(decrease) in trade and other payables		7,633	(81,776)
Total changes in working capital		<u>(16,486)</u>	<u>36,108</u>
Cash flows (used in)/generated from operations		(27,029)	48,571
Interest paid		(15,519)	(21,809)
Tax paid, net of refund		(4,019)	(7,021)
Net cash flows used in operating activities		<u>(46,567)</u>	<u>(19,741)</u>

Notes:

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	30.11.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Investing activities			
Proceeds from disposal of property, plant and equipment		561	1,351
Purchase of property, plant and equipment		(2,930)	(4,236)
Interest received		1,804	686
Net cash used in investing activities		<u>(565)</u>	<u>(2,199)</u>
Financing activities			
Drawdown/(repayment) from borrowings		11,639	(61,962)
Repayment of lease liabilities		-	(3,121)
Issuance of share capital		30,220	-
Share capital expenses		(1,326)	-
(Decrease)/increase in cash and bank balances pledged for bank borrowings		(299)	(1,627)
Net cash generated from/(used in) financing activities		<u>40,234</u>	<u>(66,710)</u>
Net decrease in cash and cash equivalents		(6,898)	(49,168)
Effect on exchange rate changes		44	(48)
Cash and cash equivalents at 1 January		34,968	84,184
Cash and cash equivalents at 30 November 2021/ 31 December 2020	A13	<u><u>28,114</u></u>	<u><u>34,968</u></u>

Notes:

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 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 30 December 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 2020.

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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2021

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	
	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 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
Revenue														
External customers	470,621	N/A	17,411	N/A	20,985	N/A	5,182	N/A	514,199	N/A	-	-	514,199	N/A
Inter-segment	-	-	-	-	-	-	4,895	N/A	4,895	N/A	(4,895)	N/A	-	-
Total revenue	470,621	N/A	17,411	N/A	20,985	N/A	10,077	N/A	519,094	N/A	(4,895)	N/A	514,199	N/A
Segment loss	(14,405)	N/A	(1,180)	N/A	(3,724)	N/A	(15,611)	N/A	(34,920)	N/A	-	-	(34,920)	N/A

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2021

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 91.5% of the total revenue of the Group for the period ended 30 November 2021 and is the main contributor to the Group’s operating profit in 2021.

The segment recorded a revenue and loss before tax of RM470.6 million and RM14.4 million respectively for the period ended 30 November 2021.

Market demand for products under this segment remains challenging during the reporting period due to pandemic.

The Group continues to explore opportunity to increase its market share locally and overseas.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 3.4% of the total revenue of the Group for the period ended 30 November 2021.

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

This segment recorded a loss before tax of RM1.2 million for period ended 30 November 2021. 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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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 4.1% of the total revenue of the Group for the period ended 30 November 2021.

The segment recorded a revenue and loss before tax of RM21.0 million and RM3.7 million respectively for the financial period ended 30 November 2021.

Although 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 operations of this project has been interrupted due to the various Movement Control Orders.

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 30 November 2021, power generation, helicopter services and corporate segment contributed RM5.2 million to the total revenue of the Group.

The construction of hydro dam in Medan Indonesia is completed and the hydro dam was commissioned on 28 July 2021. The Ministry of Energy and Mineral Resources has approved and issued the Certificate to Operate on 13 August 2021. We have issued our first billing on 5 November 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 RM4.8 million. This finance cost represents loan taken to finance construction of the hydro dam.

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

A5. Segment information (contd.)

Consolidated loss before tax

The Group recorded a loss before tax of RM34.9 million for the period ended 30 November 2021 as our operations remain affected by the various Movement Control Orders.

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		Cumulative	
	3 months ended		11 months ended	
	30	30	30	30
	Nov	Nov	Nov	Nov
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,184	N/A	15,540	N/A
Gain on disposal of property, plant and equipment	(69)	N/A	(128)	N/A
Interest expense	3,031	N/A	15,519	N/A
Interest income	(298)	N/A	(1,804)	N/A
Inventories written off	1	N/A	135	N/A
Unrealised loss/(gain) on foreign exchange	1,756	N/A	(60)	N/A

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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		Cumulative	
	3 months ended		11 months ended	
	30	30	30	30
	Nov	Nov	Nov	Nov
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Based on results for the period	(108)	N/A	1,647	N/A
Over provision of deferred tax in respect of previous period	(1,383)	N/A	(3,358)	N/A
Deferred income tax	1,151	N/A	792	N/A
	<u>(340)</u>	<u>N/A</u>	<u>(919)</u>	<u>N/A</u>

The effective tax rate for the current quarter and cumulative current quarter were lower than the statutory tax rate principally due to recognition of deferred tax assets arising from unabsorbed tax losses and unabsorbed capital allowances 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 quarter		Current period to date	
	30	30	30	30
	Nov	Nov	Nov	Nov
	2021	2020	2021	2020
Loss net of tax attributable to equity holders the Company (RM'000)	<u>(11,344)</u>	<u>N/A</u>	<u>(32,976)</u>	<u>N/A</u>
Weighted average number of ordinary shares in issue ('000)	<u>317,050</u>	<u>N/A</u>	<u>317,050</u>	<u>N/A</u>
Basic loss per share (sen per ordinary share)	<u>(3.57)</u>	<u>N/A</u>	<u>(10.40)</u>	<u>N/A</u>
Diluted loss per share (sen per ordinary share)	<u>(3.57)</u>	<u>N/A</u>	<u>(10.40)</u>	<u>N/A</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 30 November 2021, the Group acquired assets at the cost of RM2.9 million.

A11. Concession financial assets

	30 November 2021 RM'000	31 December 2020 RM'000
At 1 January	99,045	99,863
Concession construction revenue	1,640	2,511
Accrued financial income	4,825	5,308
Exchange difference	2,801	(3,016)
Impairment	-	(5,621)
At 30 September 2021/31 December 2020	<u>108,311</u>	<u>99,045</u>

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30 November 2021 RM'000	31 December 2020 RM'000
Cash in hand and at banks	32,103	27,500
Deposits with licensed banks	<u>3,844</u>	<u>15,000</u>
Cash and bank balances	<u>35,947</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:

	30 November 2021 RM'000	31 December 2020 RM'000
Cash and bank balances	35,947	42,500
Less: Bank overdrafts	(2,000)	(1,998)
Cash restricted for repayment	(2,034)	(2,034)
Deposits pledged	<u>(3,799)</u>	<u>(3,500)</u>
Cash and cash equivalents	<u>28,114</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

	30 November 2021 RM’000	31 December 2020 RM’000
Current		
Secured	82,713	60,372
Unsecured	327,987	335,435
	<u>410,700</u>	<u>395,807</u>
Non-current		
Secured	72,167	72,681
Unsecured	319	-
	<u>72,486</u>	<u>72,681</u>
	<u>483,186</u>	<u>468,488</u>

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

	30 November 2021 USD’000	31 December 2020 USD’000
USD term loan	5,619	5,619

A14. Dividend paid

No dividend had been paid for the period ended 30 November 2021.

A15. Commitments

	30 November 2021 RM’000	31 December 2020 RM’000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	198	378
Approved but not contracted for:		
Property, plant and equipment	9,254	5,096
	<u>9,452</u>	<u>5,474</u>



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2021

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 November 2021 and 30 November 2020 as well as the balances with the related parties as at 30 November 2021 and 31 December 2020.

		Sales to related parties	November Purchases from related parties	November 2021/December 2020 Amounts owed by related parties	November 2020 Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2021	10,668	-	4,019	-
SESCO Berhad	2020	N/A	-	893	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha	2021	5,016	142,903	16,630	4,307
Industries Sdn. Bhd.	2020	N/A	N/A	-	9,599
Leader Universal Aluminium Sdn. Bhd.					
Leader	2021	-	-	-	-
Universal	2020	-	184	-	-

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2021

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

During the current reporting quarter, various Movement Control Orders were implemented due to the challenges brought by COVID-19 and this has resulted in interruptions to the supply chain thus affecting our Cables and Wires business as well as to the interruption in the work progress of our Transmission Lines Construction business. This has led to a loss before taxation for the quarter ended 30 November 2021.

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 improved book orders, there is 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.

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. Since the initial Movement Control Order, the occurrence of a third wave COVID-19 outbreak, COVID-19 variants, the vaccine rollout and that a 6-month repayment moratorium targeted to only certain groups from July 2021 has created an unpredictable environment for our business in 2021 and beyond.

Copper price on London Metal Exchange (“LME”) hit record high in early May 2021. Customers may potentially defer their cable purchases if they had not factored in such high metal prices in their projects. As our Cables and Wires business adopts back-to-back and hedging approach, the fluctuations on LME metal prices will not have any direct impact on our profitability.

Given the unpredictable market forces arising from the COVID-19 pandemic, the Group considers it prudent not to disclose its financial outlook for our current financial period. The Group is closely monitoring and assessing the impact of COVID-19 and when it becomes appropriate to disclose any material information, it will be made in accordance with the Main Market Listing Requirements.

B6. Profit forecast or profit guarantee

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2021

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

B7. Corporate proposals

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 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 aforesaid EGM.

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

The Company has on 4 June 2021 announced that the Company shall seek fresh approval from its shareholders in respect of the placement of 63,410,000 subscription shares to Petra Transit Systems Sdn Bhd (“the Subscriber”).

Subsequently on 10 June 2021, the Company dispatched the circular to shareholders to seek fresh approval from its shareholders in respect of the placement of 63,410,000 subscription shares to the Subscriber pursuant to paragraph 8.22 of the Main Market Listing Requirements in respect of the material variation to the terms of the subscription agreement.

On 1 July 2021, the Company raised RM22.57 million with the issuance of 63,410,000 Shares to the Subscriber.

Status of utilisation of proceeds from the Proposal:

The gross proceeds from the Proposal of RM 30.22 million have been/shall be utilised in the following manner:

	Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from date of listing	Explanation
		RM’000	RM’000	RM’000	RM’000		
(i)	Working capital requirements	28,940	(25,464)	(46)	3,430	Within 12 months	-
(ii)	Estimated expenses	1,280	(1,326)	46	-	Within 1 month	Note A
		<u>30,220</u>	<u>(26,790)</u>	<u>-</u>	<u>3,430</u>		

Explanation:

Note A: The expenses represented actual expenses incurred for completion of EGM and raising of the gross proceeds of RM30.2 million.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2021

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 period ended 30 November 2021.

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 November 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 30 December 2021.

By order of the Board