



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

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue		182,685	131,545	582,607	607,661
Cost of sales		(181,198)	(121,450)	(568,020)	(571,882)
Gross profit		1,487	10,095	14,587	35,779
Other operating income		1,881	(1,047)	8,784	9,388
Administrative expenses		(4,334)	(8,016)	(24,772)	(26,286)
Other operating expenses		(7,547)	(10,083)	(19,713)	(23,526)
Operating loss		(8,513)	(9,051)	(21,114)	(4,645)
Finance costs		(5,189)	(6,273)	(17,447)	(21,809)
Loss before tax	A7	(13,702)	(15,324)	(38,561)	(26,454)
Income tax expense	A8	1,678	2,772	2,356	7
Loss for the period		(12,024)	(12,552)	(36,205)	(26,447)
Other comprehensive profit/(loss)					
Exchange differences on translation of foreign operation		85	(53)	(2,224)	121
Net movement of cash flow hedges		543	(342)	340	1,512
Income tax related to cash flow hedges		(131)	84	(82)	(361)
Other comprehensive profit/(loss) for the period, net of tax		497	(311)	(1,966)	1,272
Total comprehensive loss for the period, net of tax		(11,527)	(12,863)	(38,171)	(25,175)
(Loss)/profit for the period attributable to:					
Equity holders of the company		(12,379)	(11,390)	(35,660)	(25,172)
Non-controlling interests		355	(1,162)	(545)	(1,275)
		(12,024)	12,552	(36,205)	(26,447)
Total comprehensive loss for the period, net of tax attributable to:					
Equity holders of the company		(11,900)	(11,692)	(37,143)	(23,929)
Non-controlling interests		373	(1,171)	(1,028)	(1,246)
		(11,527)	(12,863)	(38,171)	(25,175)
Loss per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(3.90)	(3.59)	(11.24)	(7.94)
Diluted	A9	(3.90)	(3.59)	(11.24)	(7.94)

Notes:

(i) The Condensed Consolidated Statements 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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(456400-V)
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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2021 RM'000	31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	244,766	258,074
Intangible assets		2,510	2,510
Deferred tax assets		37,964	36,508
Concession financial assets	A11	106,915	99,045
Trade receivables		21,126	20,512
		<u>413,281</u>	<u>416,649</u>
Current assets			
Inventories		131,347	98,685
Trade and other receivables		160,250	171,643
Other current assets		6,253	11,702
Contract assets		-	3
Derivative assets		340	-
Tax recoverable		10,705	8,188
Cash and bank balances	A13	36,347	42,500
		<u>345,242</u>	<u>332,721</u>
TOTAL ASSETS		<u>758,523</u>	<u>749,370</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	404,476	395,807
Trade and other payables		123,785	114,222
Contract liabilities		18,970	15,956
Income tax payable		510	567
		<u>547,741</u>	<u>526,552</u>
Net current liabilities		<u>(202,499)</u>	<u>(193,831)</u>
Non-current liabilities			
Loans and borrowings	A14	72,381	72,681
Trade payables		6,542	6,542
Deferred tax liabilities		8,755	11,214
		<u>87,678</u>	<u>90,437</u>
Total liabilities		<u>635,419</u>	<u>616,989</u>
Net assets		<u>123,104</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		(2,436)	(695)
Hedge reserve		258	-
Accumulated losses		(100,172)	(64,512)
		<u>127,565</u>	<u>135,814</u>
Non-controlling interests		(4,461)	(3,433)
Total equity		<u>123,104</u>	<u>132,381</u>
TOTAL EQUITY AND LIABILITIES		<u>758,523</u>	<u>749,370</u>
Net assets per share attributable to owners of the Company (sen)		39	42

Notes:

(i) *The Condensed Consolidated Statements of Financial Position 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 31 DECEMBER 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)
Dilution of interest in a subsidiary	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 Statements of Changes in Equity 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 31 DECEMBER 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)
Loss for the period	(36,205)	(35,660)	-	-	-	-	(35,660)	(545)
Other comprehensive income	(1,966)	(1,483)	-	-	(1,741)	258	-	(483)
Total comprehensive income	(38,171)	(37,143)	-	-	(1,741)	258	(35,660)	(1,028)
Issuance of share capital	30,220	30,220	30,220	-	-	-	-	-
Share capital expenses	(1,326)	(1,326)	(1,326)	-	-	-	-	-
At 31 December 2021	123,104	127,565	267,215	(37,300)	(2,436)	258	(100,172)	(4,461)

Notes:

(i) The Condensed Consolidated Statements of Changes in Equity 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.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current period to date 31.12.2021 RM'000	Preceding period corresponding period 31.12.2020 RM'000
Operating activities			
Loss before tax		(38,561)	(26,454)
Adjustments for:			
Allowance for impairment loss on:			
- Trade receivables	A7	-	2,364
- Other receivables	A7	-	123
Bad debts written off	A7	-	177
Depreciation of property, plant and equipment	A7	14,352	17,620
Finance income from concessions financial assets	A7	(4,101)	(5,308)
Gain on disposal of property, plant and equipment	A7	(131)	(9)
Gain on debt modification	A7		(1,271)
Impairment of concessions financial assets	A7		5,621
Interest income	A7	(2,166)	(686)
Interest expense	A7	17,447	21,809
Inventories written down	A7	136	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	(462)	(1,763)
Operating cash flows before working capital changes		<u>(13,486)</u>	<u>12,463</u>
Changes in working capital:			
(Increase)/decrease in inventories		(32,798)	41,534
(Increase)/decrease in trade and other receivables		13,014	90,888
Increase in concessions financial assets		(4,398)	(2,511)
Decrease/(increase) in other current assets		8,526	(12,027)
Increase/(decrease) in trade and other payables		10,621	(81,776)
Total changes in working capital		<u>(5,035)</u>	<u>36,108</u>
Cash flows (used in)/generated from operations		(18,521)	48,571
Interest paid		(17,447)	(21,809)
Tax paid, net of refund		(4,215)	(7,021)
Net cash flows (used in)/from operating activities		<u>(40,183)</u>	<u>19,741</u>

Notes:

- (i) *The Condensed Consolidated Statements of Cash Flows 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 31 DECEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current year to date 31.12.2021 RM'000	Preceding period corresponding period 31.12.2020 RM'000
Investing activities		
Proceeds from disposal of property, plant and equipment	565	1,351
Purchase of property, plant and equipment	(3,110)	(4,236)
Interest received	2,166	686
Net cash used in investing activities	<u>(379)</u>	<u>(2,199)</u>
Financing activities		
Drawdown/(repayment) from borrowings	5,480	(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	(410)	(1,627)
Net cash generated from/(used in) financing activities	<u>33,964</u>	<u>(66,710)</u>
Net decrease in cash and cash equivalents	(6,598)	(49,168)
Effect on exchange rate changes	33	(48)
Cash and cash equivalents at 1 January	34,968	84,184
Cash and cash equivalents at 31 December	28,403	34,968
Note		
	A13	

Notes:

(i) The Condensed Consolidated Statements of Cash Flows 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 24 February 2022.

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 31 DECEMBER 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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 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	522,792	540,807	19,189	14,693	33,302	45,694	7,324	6,467	582,607	607,661	-	-	582,607	607,661
Inter-segment	-	-	-	-	-	-	5,340	23,340	5,340	23,340	(5,340)	(4,725)	-	-
Total revenue	522,792	540,807	19,189	14,693	33,302	45,694	12,664	29,807	587,947	631,001	(5,340)	(4,725)	582,607	607,661
Segment loss	(20,009)	2,472	(1,111)	(5,605)	(4,201)	(2,575)	(13,241)	(5,414)	(38,562)	(26,454)	-	-	(38,562)	(26,454)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 89.7% (31 December 2020: 89.0%) of the total revenue of the Group for the period ended 31 December 2021 and is the main contributor to the Group’s operating profit in 2021.

The segment recorded a revenue and loss before tax of RM522.8 million and RM20.0 million respectively for the period ended 31 December 2021 as compared to revenue and profit before tax of RM540.8 million and RM2.5 million respectively in the corresponding period ended 31 December 2020. Performance has dropped slightly as a result of dampen consumer and business sentiment arising from the various Movement Control Orders. 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 3.3% (31 December 2020: 2.4%) of the total revenue of the Group for the period ended 31 December 2021.

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

This segment recorded loss before tax of RM1.1 million when compared to a loss of RM5.6 million in the corresponding period ended 31 December 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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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 5.7% (31 December 2020: 7.5%) of the total revenue of the Group for the period ended 31 December 2021.

The segment recorded a revenue and loss before tax of RM33.3 million and RM4.2 million respectively for the financial period ended 31 December 2021 as compared to revenue of RM45.7 million and loss before tax of RM2.6 million respectively for the corresponding period in 2020.

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 31 December 2021, power generation, helicopter services and corporate segment contributed RM7.3 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 will issue our first billing of electricity starting from October 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 RM4.1 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 RM38.5 million (31 December 2020: loss before tax of RM26.4 million) for the period ended 31 December 2021. The results for period ended 31 December 2021 had deteriorated from period ended 31 December 2020 as our operations during that period were 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 quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31	31	31	31
	Dec	Dec	Dec	Dec
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment loss on:				
- Trade receivables	-	2,364	-	2,364
- Other receivables	-	123	-	123
Bad debts written off	-	177	-	177
Depreciation of property, plant and equipment	1,586	4,276	14,352	17,620
Finance income from concession financial assets	(165)	(1,439)	(4,101)	(5,308)
Gain on debt modification	-	(1,271)	-	(1,271)
Gain on disposal of property, plant and equipment	(94)	(9)	(131)	(9)
Impairment of concessions financial assets	-	5,621	-	5,621
Interest expense	5,189	6,273	17,447	21,809
Interest income	(806)	(58)	(2,166)	(686)
Inventories written down	1	352	136	434
Property, plant and equipment written off	-	91	-	302
Reversal of allowance for impairment loss of trade receivables	-	110	-	(496)
Unrealised gain on foreign exchange	(261)	2,603	(462)	(1,763)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

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 3 months ended	
	31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Current income tax:				
Based on results for the period	(43)	751	1,742	3,627
Over provision of deferred tax in respect of previous period	(3,121)	(14)	(4,890)	(32)
Deferred income tax	1,486	(3,481)	792	(3,574)
Real property gain tax		(28)	-	(28)
	<u>(1,678)</u>	<u>(2,772)</u>	<u>(2,356)</u>	<u>(7)</u>

The effective tax rate for the current quarter and financial period ended 31 December 2021 and 31 December 2020 were lower than the statutory tax rate principally due to the deferred tax assets recognised for unabsorbed losses carried forward and unabsorbed capital allowances carried forward in certain subsidiaries.

A9. Loss per share

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

The Group had no potential ordinary shares in issue as at the reporting date and therefore, diluted loss per share is presented as equal to basic loss per share.

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

	Current year quarter		Current year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
(Loss)/profit net of tax attributable to equity holders the Company (RM'000)	<u>(12,379)</u>	<u>(11,390)</u>	<u>(35,660)</u>	<u>(25,172)</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>(3.90)</u>	<u>(3.59)</u>	<u>(11.24)</u>	<u>(7.94)</u>
Diluted (loss)/earnings per share (sen per ordinary share)	<u>(3.90)</u>	<u>(3.59)</u>	<u>(11.24)</u>	<u>(7.94)</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 December 2021, the Group acquired assets at the cost of RM2.5 million (31 December 2020: RM1.1 million).

A11. Concession financial assets

	31 December 2021 RM'000	31 December 2020 RM'000
At 1 January	99,045	99,863
Concession construction revenue	1,680	2,511
Accrued financial income	4,101	5,308
Exchange difference	2,089	(3,016)
Impairment	-	(5,621)
At 30 September 2021/31 December 2020	<u>106,915</u>	<u>99,045</u>

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31 December 2021 RM'000	31 December 2020 RM'000
Cash in hand and at banks	32,403	27,500
Deposits with licensed banks	<u>3,944</u>	<u>15,000</u>
Cash and bank balances	<u>36,347</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:

	31 December 2021 RM'000	31 December 2020 RM'000
Cash and bank balances	36,347	42,500
Less: Bank overdrafts	(2,000)	(1,998)
Cash restricted for repayment	(2,034)	(2,034)
Deposits pledged	<u>(3,910)</u>	<u>(3,500)</u>
Cash and cash equivalents	<u>28,403</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

	31 December 2021 RM’000	31 December 2020 RM’000
Current		
Secured	80,777	60,372
Unsecured	323,699	335,435
	<u>404,476</u>	<u>395,807</u>
Non-current		
Secured	72,109	72,681
Unsecured	272	-
	<u>72,381</u>	<u>72,681</u>
	<u>476,857</u>	<u>468,488</u>

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

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

A14. Dividend paid

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

A15. Commitments

	31 December 2021 RM’000	31 December 2020 RM’000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	44	378
Approved but not contracted for:		
Property, plant and equipment	9,254	5,096
	<u>9,298</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 December 2021 and 31 December 2020 as well as the balances with the related parties as at 31 December 2021 and 31 December 2020.

		Sales to related parties	December Purchases from related parties	December 2021/December 2020 Amounts owed by related parties	December 2020 Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2021	12,592	-	5,764	-
SESCO Berhad	2020	11,864	-	893	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha	2021	5,682	153,723	18,227	3,027
Industries Sdn. Bhd.	2020	2,522	154,784	-	9,599
Leader Universal Aluminium Sdn. Bhd.					
Leader	2021	-	-	-	-
Universal	2020	-	184	-	-

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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

During the current reporting quarter, various Movement Control Orders were implemented due to the challenges brought by COVID-19 and this has resulted interruptions the supply chain thus affecting our Cables and Wires business as well as to the interruptions in the work progress of our Transmission Lines Construction business. This has led to a higher loss before taxation for the quarter ended 31 December 2021 compared to 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, 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 has started commissioning of the hydro dam by forth quarter of 2021.

The current high copper price on London Metal Exchange (“LME”) may result in customers potentially deferring 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.

However, as all movement restrictions in Malaysia has ended and with all economic sector reopened, we foresee opportunities to strengthen and grow our business.

B6. Profit forecast or profit guarantee

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



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

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").

On 4 October 2021, the Group completed the RS under the CDRC purview on the premise that certain companies in the Group complete the relevant agreements with their Lenders, which includes the Security Sharing Agreements ("SSAs").

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

- (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 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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

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

B7. Corporate proposals (contd.)

(c) 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	(27,593)	(46)	1,301	Within 12 months	-
(ii)	Estimated expenses	1,280	(1,326)	46	-	Within 1 month	Note A
		<u>30,220</u>	<u>(28,919)</u>	<u>-</u>	<u>1,301</u>		

Explanation:

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

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 December 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 September 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 24 February 2022.

By order of the Board