



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cummulative quarter 6 months ended	
		30.11.2022 RM'000	30.11.2021 RM'000	30.11.2022 RM'000	30.11.2021 RM'000
Revenue		146,122	N/A	325,396	N/A
Cost of sales		(149,654)	N/A	(318,129)	N/A
Gross (loss)/profit		(3,532)	N/A	7,267	N/A
Other operating income		2,058	N/A	8,285	N/A
Administrative expenses		(6,277)	N/A	(11,021)	N/A
Other operating expenses		(1,560)	N/A	(9,698)	N/A
Operating loss		(9,311)	N/A	(5,167)	N/A
Finance costs		(4,739)	N/A	(8,846)	N/A
Loss before tax	A8	(14,050)	N/A	(14,013)	N/A
Income tax expense	A9	2,312	N/A	1,729	N/A
Loss for the period		(11,738)	N/A	(12,284)	N/A
Other comprehensive income					
Exchange differences on translation of foreign operation		3,296	N/A	1,098	N/A
Net movement of cash flow hedges		3,011	N/A	(741)	N/A
Income tax related to cash flow hedges		(723)	N/A	178	N/A
Other comprehensive income for the period, net of tax		5,584	N/A	535	N/A
Total comprehensive loss for the period, net of tax		(6,154)	N/A	(11,749)	N/A
Loss for the period attributable to:					
Equity holders of the company		(11,738)	N/A	(12,284)	N/A
Non-controlling interests		-	N/A	-	N/A
		(11,738)	N/A	(12,284)	N/A
Total comprehensive loss for the period, net of tax attributable to:					
Equity holders of the company		(6,154)	N/A	(11,749)	N/A
Non-controlling interests		-	N/A	-	N/A
		(6,154)	N/A	(11,749)	N/A
Loss per share attributable to equity holders of the company (sen per share):					
Basic	A10	(2.94)	N/A	(3.08)	N/A
Diluted	A10	(2.94)	N/A	(3.08)	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 period ended 31 May 2022 and the accompanying notes to the quarter report attached hereto.

(ii) The financial year end has been changed from 31 December to 31 May.

(iii) In addition, there is no comparative figures available for the preceding year corresponding period ended 30 November 2021.



SARAWAK CABLE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 NOVEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.11.2022 RM'000	31.05.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A11	210,730	216,454
Deferred tax assets		21,964	19,635
Trade receivables		20,335	19,544
Investment in associate		1,477	-
		<u>254,506</u>	<u>255,633</u>
Current assets			
Inventories		102,764	117,969
Trade and other receivables		156,038	140,089
Other current assets		4,711	7,531
Contract assets		14,889	8,417
Tax recoverable		12,502	12,445
Cash and bank balances	A12	21,860	18,416
		<u>312,764</u>	<u>304,867</u>
Assets held for sale	A7	63,514	96,555
		<u>376,278</u>	<u>401,422</u>
TOTAL ASSETS		<u>630,784</u>	<u>657,055</u>
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A13	334,278	378,599
Trade and other payables		157,705	122,748
Contract liabilities		8,452	6,541
Derivative liabilities		1,769	1,028
		<u>502,204</u>	<u>508,916</u>
Liabilities directly associated with the assets held for sale	A7	27,073	32,069
		<u>529,277</u>	<u>540,985</u>
Net current liabilities		<u>(152,999)</u>	<u>(139,563)</u>
Non-current liabilities			
Loans and borrowings	A13	64,480	66,883
Trade payables		6,535	6,535
Deferred tax liabilities		5,800	6,211
		<u>76,815</u>	<u>79,629</u>
Total liabilities		<u>606,092</u>	<u>620,614</u>
Net assets		<u>24,692</u>	<u>36,441</u>
Equity attributable to equity holders of the Company			
Share capital		267,215	267,215
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(1,628)	(2,726)
Hedge reserve		(1,344)	(781)
Accumulated losses		(197,764)	(185,480)
		<u>29,179</u>	<u>40,928</u>
Non-controlling interests		(4,487)	(4,487)
Total equity		<u>24,692</u>	<u>36,441</u>
TOTAL EQUITY AND LIABILITIES		<u>630,784</u>	<u>657,055</u>
Net assets per share attributable to owners of the Company (sen)		6	9

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 period ended 31 May 2022 and the accompanying notes to the quarter report attached hereto.*

(ii) *The financial year end has been changed from 31 December to 31 May.*

(iii) *In addition, there is no comparative figures available for the preceding year corresponding period ended 30 November 2021.*



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2022

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	
	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	(121,457)	(120,968)	-	-	-	-	(120,968)	(489)
Other comprehensive income	(3,377)	(2,812)	-	-	(2,031)	(781)	-	(565)
Total comprehensive income	(124,834)	(123,780)	-	-	(2,031)	(781)	(120,968)	(1,054)
Issuance of share capital	30,220	30,220	30,220	-	-	-	-	-
Share capital expenses	(1,326)	(1,326)	(1,326)	-	-	-	-	-
At 31 May 2022	36,441	40,928	267,215	(37,300)	(2,726)	(781)	(185,480)	(4,487)

Notes:

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2022

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 June 2022	36,441	40,928	267,215	(37,300)	(2,726)	(781)	(185,480)	(4,487)
Loss for the period	(12,284)	(12,284)	-	-	-	-	(12,284)	-
Other comprehensive income	535	535	-	-	1,098	(563)	-	-
Total comprehensive income	(11,749)	(11,749)	-	-	1,098	(563)	(12,284)	-
At 30 November 2022	24,692	29,179	267,215	(37,300)	(1,628)	(1,344)	(197,764)	(4,487)

Notes:

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30.11.2022 Unaudited RM'000	31.05.2022 Audited RM'000
Operating activities			
Loss before tax		(14,013)	(103,450)
- continuing operations		(14,013)	(56,877)
- discontinued operations		-	(46,573)
Adjustments for:			
Allowance for impairment loss on:			
- Trade receivables		-	3,548
Amortisation of transaction cost		-	933
Bad debts written off		-	38
Bank charges written off		-	(2,234)
Depreciation of property, plant and equipment	A8	6,902	20,076
Finance income from concessions financial assets		-	(7,744)
Forfeiture of deposit		-	(66)
Gain on disposal of property, plant and equipment	A8	(3,618)	(351)
(Reversal)/impairment loss recognised on the remeasurement to fair value	A8	(2,462)	54,474
Interest income	A8	(1,163)	(1,373)
Interest expense	A8	8,846	27,283
Inventories written down	A8	(141)	751
Inventories written off		-	235
Loss on debt modification		-	279
Loss on lease remeasurement		-	164
Reversal of allowance for impairment loss of trade receivables		-	(259)
Reversal of impairment of assets held for sale	A8	-	(1,692)
Reversal of impairment of property, plant and equipment		-	(3,599)
Unrealised gain on foreign exchange, net	A8	(676)	(2,848)
Waiver of debts		-	(1,110)
Operating cash flows before working capital changes		(6,325)	(16,945)
Changes in working capital:			
Decrease/(increase) in inventories		15,346	(20,270)
(Increase)/decrease in trade and other receivables		(18,594)	33,551
Increase in concessions financial assets		-	(5,667)
Increase in other current assets		(1,737)	(13,594)
Decrease in assets held for sale		33,041	-
Increase in trade and other payables		1,463	14,904
Total changes in working capital		29,519	8,924

Notes:

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30.11.2022 Unaudited RM'000	31.05.2022 Audited RM'000
Cash flows generated from/(used in) operations		23,194	(8,021)
Interest paid		(8,846)	(27,283)
Tax paid, net of refund		(893)	(6,061)
Net cash flows from/(used in) operating activities		<u>13,455</u>	<u>(41,365)</u>
Investing activities			
Proceeds from disposal of property, plant and equipment		37,334	783
Purchase of property, plant and equipment		(1,405)	(5,810)
Interest received		1,163	1,373
Investment in associate		(1,477)	-
Net cash from/(used in) investing activities		<u>35,615</u>	<u>(3,654)</u>
Financing activities			
Placement of deposit		(462)	-
Repayment from borrowings		(17,242)	(2,019)
Repayment of lease liabilities		(29,411)	(2,494)
Issuance of share capital		-	30,220
Share capital expenses		-	(1,326)
Increase in cash and bank balances pledged for bank borrowings		-	1,547
Net cash (used in)/from financing activities		<u>(47,115)</u>	<u>25,928</u>
Net increase/(decrease) in cash and cash equivalents		1,955	(19,091)
Effect on exchange rate changes		1,098	(2,532)
Cash and cash equivalents at 1 June 2022/1 January 2021		<u>13,345</u>	<u>34,968</u>
Cash and cash equivalents at 30 November 2022/31 May 2022		<u>16,398</u>	<u>13,345</u>

Notes:

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2022

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

A1. Corporate information

Sarawak Cable Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 January 2023.

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 period ended 31 May 2022.

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the period ended 31 May 2022, except for the adoption of new standards effective as at 1 January 2023:

- Amendments to MFRS 101, *Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101 and MFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Definition of Accounting Estimates*
- Amendments to MFRS 112, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2022

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		Helicopter services and corporate		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021
	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	300,187	N/A	8,930	N/A	15,678	N/A	601	N/A	325,396	N/A	-	-	325,396	N/A
Inter-segment	-	-	-	-	-	-	2,909	N/A	2,909	N/A	(2,909)	N/A	-	-
Total revenue	<u>300,187</u>	<u>N/A</u>	<u>8,930</u>	<u>N/A</u>	<u>15,678</u>	<u>N/A</u>	<u>3,510</u>	<u>N/A</u>	<u>328,305</u>	<u>N/A</u>	<u>(2,909)</u>	<u>N/A</u>	<u>325,396</u>	<u>N/A</u>
Segment (loss)/profit	<u>(7,648)</u>	<u>N/A</u>	<u>(1,788)</u>	<u>N/A</u>	<u>245</u>	<u>N/A</u>	<u>(3,622)</u>	<u>N/A</u>	<u>(12,813)</u>	<u>N/A</u>	<u>(1,200)</u>	<u>-</u>	<u>(14,013)</u>	<u>N/A</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2022

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 helicopter services and corporate segment is involved in provision of helicopter services and Group-level corporate and management services.

Sales of cables and wires

The sales of cables and wires segment contributed 92.3% of the total revenue of the Group for the period ended 30 November 2022 and is the main contributor to the Group’s operating profit during the year.

The segment recorded a revenue and loss before tax of RM300.2 million and RM7.6 million respectively for the period ended 30 November 2022.

Market demand for products under this segment has shown improvement in consideration that all economic sectors in Malaysia were reopened in January 2022.

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

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.7% of the total revenue of the Group for the period ended 30 November 2022 .

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 RM1.8 million for period ended 30 November 2022. Market demand for products under this segment has started to pick up in consideration that all economic sectors in Malaysia were reopened in January 2022.

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 4.8% of the total revenue of the Group for the period ended 30 November 2022.

The segment recorded a revenue and profit before tax of RM15.7 million and RM0.2 million respectively for the financial period ended 30 November 2022 and there were decrease in project profits due to the revised budgeted costs in Q2 2023.

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.

Helicopter services and corporate

The helicopter services and corporate segment provides provision of helicopter services and Group-level corporate and management services. In the financial period ended 30 November 2022, helicopter services and corporate segment contributed RM3.5 million to the total revenue of the Group. The helicopter lease services were billed up to August 2022. The remaining helicopters that were leased will be disposed and this transaction is expected to be completed by first quarter of year 2023.

Consolidated loss before tax

The Group recorded a loss before tax of RM14.0 million for the three (3) months period ended 30 November 2022 is partly due to lower sales revenue with higher cost of goods sold of monthly fixed overhead and increase in material costs from cables and wires segment.

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.

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

A7. Asset held for sale

On 29 July 2022, the Company made an announcement that it has entered into a Conditional Share Purchase Agreement (“CSPA”) to dispose of PT. Inpola Elektrindo (“PT. IME”), a subsidiary which the Company holds 78.33% equity interest. The business of PT. IME represented the entirety of the Group’s power generation operation segment. With PT. IME being classified as discontinued operation, the power generation operation segment is no longer presented in the segment note. The proposed disposal of PT. IME is expected to be completed by the (1st) first quarter of 2023.

At 30 November 2022, the assets and liabilities related to PT. IME have been presented as assets held for sale.

Statement of financial position disclosure:

The major classes of assets and liabilities of PT. IME classified as held for sale as at 30 November 2022 are as follows:

	30 November 2022 RM’000
Assets	
Property, plant and equipment	26
Intangible asset	2,510
Concession financial asset	103,487
Trade and other receivables	123
Other current assets	187
Cash and bank balances	2,563
	<hr/>
	108,896
Loss on disposal of discontinued operation	(45,382)
Assets held for sale	<hr/> <hr/> 63,514
Liabilities	
Loans and borrowings	(19,762)
Trade and other payables	(2,146)
Tax payables	(1)
Deferred tax liabilities	(5,164)
Liabilities directly associated with assets held for sale	<hr/> (27,073)
Net assets directly associated with disposal group	<hr/> <hr/> 36,441

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

A8. The following items have been included in arriving at loss before tax:

	Current 3 months ended		Cumulative 6 months ended	
	30 Nov 2022 RM'000	30 Nov 2021 RM'000	30 Nov 2022 RM'000	30 Nov 2021 RM'000
Depreciation of property, plant and equipment	3,323	N/A	6,902	N/A
Gain on disposal of property, plant and equipment	(3,559)	N/A	(3,618)	N/A
Reversal of impairment loss recognised on the remeasurement to fair value	(2,336)	N/A	(2,462)	N/A
Interest expense	4,739	N/A	8,846	N/A
Interest income	(1,150)	N/A	(1,163)	N/A
Inventories written down	(194)	N/A	(141)	N/A
Unrealised gain on foreign exchange	(832)	N/A	(676)	N/A

A9. Income tax expense

	Current 3 months ended		Cumulative 6 months ended	
	30 Nov 2022 RM'000	30 Nov 2021 RM'000	30 Nov 2022 RM'000	30 Nov 2021 RM'000
Current income tax:				
Based on results for the period	138	N/A	842	N/A
Over provision of deferred tax in respect of previous period	-	N/A	-	N/A
Deferred income tax	(2,450)	N/A	(2,571)	N/A
	<u>(2,312)</u>	<u>N/A</u>	<u>(1,729)</u>	<u>N/A</u>

The effective tax rate for the current and cumulative current quarter ended 30 November 2022 was 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.

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A10. 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
	2022	2021	2022	2021
Loss net of tax attributable to equity holders the Company (RM'000)	(11,738)	N/A	(12,284)	N/A
Weighted average number of ordinary shares in issue ('000)	398,985	N/A	398,985	N/A
Basic and diluted loss per share (sen per ordinary share)	(2.94)	N/A	(3.08)	N/A
Diluted loss per share (sen per ordinary share)	(2.94)	N/A	(3.08)	N/A

A11. Property, plant and equipment

During the period ended 30 November 2022, the Group acquired assets at the cost of RM1.4 million.

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30 Nov	31 May
	2022	2022
	RM'000	RM'000
Cash in hand and at banks	18,999	16,017
Deposits with licensed banks	2,861	2,399
Cash and bank balances	21,860	18,416

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

	30 Nov	31 May
	2022	2022
	RM'000	RM'000
Cash and bank balances	21,860	18,416
Less: Bank overdrafts	(2,601)	(2,672)
Deposits pledged	(2,861)	(2,399)
Cash and cash equivalents	16,398	13,345



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2022

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

A13. Loans and borrowings

	30 Nov 2022 RM’000	30 Nov 2022 RM’000
Current		
Secured	19,001	52,740
Unsecured	315,277	325,859
	<u>334,278</u>	<u>378,599</u>
Non-current		
Secured	52,060	66,883
Unsecured	12,420	-
	<u>64,480</u>	<u>66,883</u>
	<u>398,758</u>	<u>445,482</u>

A14. Dividend paid

No dividend had been paid for the period ended 30 November 2022.

A15. Commitments

	30 Nov 2022 RM’000	30 Nov 2022 RM’000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	838	1,212
Approved but not contracted for:		
Property, plant and equipment	8,725	4,485
	<u>9,563</u>	<u>5,697</u>

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SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2022

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 2022 and 30 November 2021 as well as the balances with the related parties as at 30 November 2022 and 31 May 2022.

		November 2022		November 2022/May 2022	
		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2022	319	-	39	-
SESCO Berhad	2021	N/A	N/A	96	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha	2022	1,311	66,533	13,977	8,229
Industries Sdn. Bhd.	2021	N/A	N/A	10,641	1,924
Leader	2022	-	239	-	-
Solar	2021	N/A	N/A	-	-
Sdn. Bhd.					

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2022

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, the performance of the Group has deteriorated by the lower sales revenue with higher cost of goods sold of monthly fixed overhead and increase in material costs from cables and wires segment.

B5. Commentary on prospects

The Group is currently undertaking a Corporate Restructuring and Turnaround program (“the Program”) and upon the completion of the Program we are confident that the Group will continue to be the leading Cables and Wires manufacturer.

The market demand for the Cables and Wires have increased post pandemic and we will be poised to supply to this higher demand after the Program.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

Proposal for disposal of equity interest held in PT Inpola Mitra Elektrindo (“PT IME”) to KAB Energy Holdings Sdn Bhd (“KEH”), a wholly owned subsidiary of Kejuruteraan Asastera Berhad

On 19 January 2022, the Company announced that it has entered into a term sheet with KEH for the proposed disposal of equity interest in PT IME to KEH (“Proposed Disposal”) and that the Proposed Disposal is subject to a share sale and purchase agreement to be entered upon satisfactory completion of the due diligence exercise to be carried out by KEH on PT IME.

On 29 July 2022, the Company announced that it has entered into a Conditional Share Purchase Agreement (“SPA”) for the Proposal Disposal with KEH for a total consideration of RM75,000,000.00.

On 30 November 2022, the Company announced that the Company and KEH had mutually agreed to extend the Conditional Period mentioned in the SPA for a period of three (3) months from 28 October 2022 until 28 January 2023 with an option to extend the Conditional Period for an additional three (3) months, if mutually agreed by both the Company and KEH.

On 13 December 2022, the Company announced that it had obtained approval from Bursa Securities for an extension up to 28 February 2023 to submit the draft circular on the Proposed Disposal.

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposal Disposal is expected to be completed by first half of 2023.

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SARAWAK CABLE BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2022

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 2022.

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 2022 and 31 May 2022 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 May 2022 was qualified with disclaimer of opinion.

B14. Authorised for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 January 2023.

By order of the Board