



**SARAWAK CABLE BERHAD**  
**Registration No. 199801000274 (456400-V)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MAY 2023**

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

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.05.2023 RM'000	31.05.2022 RM'000	31.05.2023 RM'000	31.05.2022 RM'000
Revenue		91,695	N/A	547,637	N/A
Cost of sales		(97,184)	N/A	(551,394)	N/A
Gross loss		(5,489)	N/A	(3,757)	N/A
Other operating income		1,399	N/A	11,234	N/A
Administrative expenses		(6,183)	N/A	(20,176)	N/A
Other operating expenses		(3,300)	N/A	(17,281)	N/A
Operating loss		(13,573)	N/A	(29,980)	N/A
Finance costs		(6,226)	N/A	(21,227)	N/A
Loss before tax	A8	(19,799)	N/A	(51,207)	N/A
Income tax expense	A9	(49,268)	N/A	(44,299)	N/A
Loss for the year		(69,067)	N/A	(95,506)	N/A
<b>Other comprehensive loss</b>					
Exchange differences on translation of foreign operation		897	N/A	108	N/A
Net movement of cash flow hedges		-	N/A	1,028	N/A
Income tax related to cash flow hedges		-	N/A	(247)	N/A
Other comprehensive profit for the year, net of tax		897	N/A	889	N/A
Total comprehensive loss for the year, net of tax		(68,170)	N/A	(94,617)	N/A
<b>Loss for the year attributable to:</b>					
Equity holders of the company		(69,067)	N/A	(95,506)	N/A
Non-controlling interests		-	N/A	-	N/A
		(69,067)	N/A	(95,506)	N/A
<b>Total comprehensive loss for the year, net of tax attributable to:</b>					
Equity holders of the company		(68,170)	N/A	(94,617)	N/A
Non-controlling interests		-	N/A	-	N/A
		(68,170)	N/A	(94,617)	N/A
<b>Loss per share attributable to equity holders of the company (sen per share):</b>					
Basic	A10	(17.31)	N/A	(23.94)	N/A
Diluted	A10	(17.31)	N/A	(23.94)	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 31 May 2022.



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MAY 2023**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	31.05.2023 RM'000	31.05.2022 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A11	205,664	216,454
Deferred tax assets		5,568	19,635
Trade receivables		13,301	19,544
Investment in associate		1,443	-
		<u>225,976</u>	<u>255,633</u>
<b>Current assets</b>			
Inventories		72,831	117,969
Trade and other receivables		105,942	140,089
Other current assets		5,081	7,531
Contract assets		7,643	8,417
Tax recoverable		13,480	12,445
Cash and bank balances	A12	34,957	18,416
		<u>239,934</u>	<u>304,867</u>
Assets held for sale	A7	65,097	96,555
		<u>305,031</u>	<u>401,422</u>
<b>TOTAL ASSETS</b>		<u>531,007</u>	<u>657,055</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	A13	348,563	378,599
Trade and other payables		94,626	122,748
Contract liabilities		24,726	6,541
Derivative liabilities		-	1,028
		<u>467,915</u>	<u>508,916</u>
Liabilities directly associated with the assets held for sale	A7	26,755	32,069
		<u>494,670</u>	<u>540,985</u>
<b>Net current liabilities</b>		<u>(189,639)</u>	<u>(139,563)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A13	51,802	66,883
Trade payables		6,535	6,535
Deferred tax liabilities		36,176	6,211
		<u>94,513</u>	<u>79,629</u>
<b>Total liabilities</b>		<u>589,183</u>	<u>620,614</u>
<b>Net (liabilities)/assets</b>		<u>(58,176)</u>	<u>36,441</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital		267,215	267,215
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(2,618)	(2,726)
Hedge reserve		-	(781)
Accumulated losses		(280,986)	(185,480)
		<u>(58,689)</u>	<u>40,928</u>
Non-controlling interests		(4,487)	(4,487)
<b>Total equity</b>		<u>(58,176)</u>	<u>36,441</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>531,007</u>	<u>657,055</u>
Net (liabilities)/ assets per share attributable to owners of the Company (sen)		(15)	9

*Notes:*

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*(iii) In addition, there is no comparative figures available for the preceding year corresponding period ended 31 May 2022.*



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023**

**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	Accumulated losses	
	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 year	(95,506)	(95,506)	-	-	-	-	(95,506)	-
Other comprehensive income	889	889	-	-	108	781	-	-
Total comprehensive loss	(94,617)	(94,617)	-	-	108	781	(95,506)	-
At 31 May 2023	(58,176)	(53,689)	267,215	(37,300)	(2,618)	-	(280,986)	(4,487)

*Notes:*

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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	31.05.2023 Unaudited RM'000	31.05.2022 Audited RM'000
<b>Operating activities</b>			
Loss before tax		(51,207)	N/A
Adjustments for:			
Allowance for impairment loss on:			
- Trade receivables		1,433	N/A
Bad debts written off		172	N/A
Depreciation of property, plant and equipment	A8	13,145	N/A
Gain on disposal of property, plant and equipment	A8	(3,568)	N/A
Reversal of impairment loss recognised on the remeasurement to fair value	A8	(3,619)	N/A
Interest income	A8	(3,863)	N/A
Interest expense	A8	21,227	N/A
Inventories written down	A8	406	N/A
Inventories written off		108	N/A
Unrealised loss on foreign exchange, net	A8	321	N/A
Operating cash flows before working capital changes		<u>(25,445)</u>	<u>N/A</u>
Changes in working capital:			
Decrease in inventories		44,624	N/A
Decrease in trade and other receivables		36,771	N/A
Increase in concessions financial assets		-	N/A
Decrease in other current assets		21,414	N/A
Decrease in assets held for sale		31,458	N/A
Decrease in trade and other payables		(61,469)	N/A
Total changes in working capital		<u>72,798</u>	<u>N/A</u>
Cash flows generated from operations		47,353	N/A
Interest paid		(21,227)	N/A
Tax paid, net of refund		(1,550)	N/A
Net cash flows from operating activities		<u>24,576</u>	<u>N/A</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	31.05.2023 Unaudited RM'000	31.05.2022 Audited RM'000
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		37,391	N/A
Purchase of property, plant and equipment		(2,836)	N/A
Interest received		3,863	N/A
Investment in associate		(1,443)	N/A
Net cash from investing activities		<u>36,975</u>	<u>N/A</u>
<b>Financing activities</b>			
Placement of deposit		(669)	N/A
Repayment from borrowings		(15,974)	N/A
Repayment of lease liabilities		(29,411)	N/A
Net cash used in financing activities		<u>(46,054)</u>	<u>N/A</u>
<b>Net increase in cash and cash equivalents</b>		<b>15,497</b>	N/A
Effect on exchange rate changes		108	N/A
Cash and cash equivalents at 1 June 2022/1 January 2021		13,345	N/A
<b>Cash and cash equivalents at 31 May 2023/31 May 2022</b>	A12	<u><b>28,950</b></u>	<u>N/A</u>

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## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 2023**

### **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 27 July 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 followings accounting standards, interpretations and/or amendments that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group.

<b>Description</b>	<b>Effective Date</b>
• MFRS 17 <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17 <i>Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
• Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
• Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
• Amendments to MFRS 112 <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules</i>	1 January 2023
• Amendments to MFRS 16 <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to MFRS 101 <i>Presentation of Financial Statements – Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to MFRS 101 <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2024
• Amendments to MFRS 10 <i>Consolidation Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The pronouncements are not expected to have any material impact to the financial statements of the Group and of the Company.

#### **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 YEAR ENDED 31 MAY 2023**

**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	
	31 May 2023 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2022 RM'000
<b>Revenue</b>														
External customers	462,510	N/A	17,932	N/A	66,594	N/A	601	N/A	547,637	N/A	-	N/A	547,637	N/A
Inter-segment	6,245	N/A	-	N/A	-	N/A	3,238	N/A	9,483	N/A	(9,483)	N/A	-	N/A
Total revenue	468,755	N/A	17,932	N/A	66,594	N/A	3,839	N/A	557,120	N/A	(9,483)	N/A	547,637	N/A
<b>Segment loss</b>	(40,996)	N/A	(4,717)	N/A	312	N/A	(63,685)	N/A	(109,086)	N/A	57,879	N/A	(51,207)	N/A



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

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

The Group is organised into business units based on their products and services, and has four operating segments as follows:

- (a) The sales of cable and wires segment supplies power and telecommunication cables and cable components to consumers.
- (b) The sales of galvanised products and steel structures segment supplies galvanised products and steel structures. It also offers galvanising services.
- (c) The transmission lines construction segment involves the supply, installation and commissioning of transmission line projects.
- (d) The 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 84.5% of the total revenue of the Group for the year ended 31 May 2023.

The segment recorded a revenue and loss before tax of RM462.5 million and RM41.0 million respectively for the year ended 31 May 2023. The restructuring program which the Group is undertaking is still under progress. Our financing lines are on the stand-still until the restructuring program has been finalized with our lenders. As such, we are currently operating under a lower capacity using all internal resources in the Group. This has resulted in a reduced production and therefore, lower revenue recorded. As production has reduced, this has led to a higher unabsorbed overheads, resulting in a segment loss recognised for the reporting period.

Market demand for products under this segment remains strong and we continue to have good book orders in hand.

**Sales of galvanised products and steel structures**

The sales of galvanised products and steel structures segment contributed 3.3% of the total revenue of the Group for the year ended 31 May 2023.

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 RM4.7 million for year ended 31 May 2023. The segment is also operating using internal resources as its financing lines are also on a stand-still due to the restructuring program. This has resulted in a reduced operations and therefore, the low revenue was insufficient to cover the manufacturing and operating expenses leading to a segment loss recognised for the reporting period.

Market demand for products under this segment has started to pick up gradually.

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 12.2% of the total revenue of the Group for the year ended 31 May 2023.

The segment recorded a revenue and profit before tax of RM66.6 million and RM0.3 million respectively for the financial year ended 31 May 2023.

Progress of all projects are also affected by the stand-still of its financing lines. Despite that, we are making every effort to ensure that all on-going projects are to be completed within the committed construction period.

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 year ended 31 May 2023, helicopter services and corporate segment contributed RM0.6 million to the total revenue of the Group. The remaining helicopters that were leased has been disposed of and this transaction has been completed in first quarter of year 2023.

**Consolidated loss before tax**

The Group recorded a loss before tax of RM19.8 million for the three (3) months ended 31 May 2023 is mainly due to segment loss recorded for cables and wires segment, and galvanized products and steel structures segment as production has slowed down due to the stand-still in financing lines.

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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**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 third quarter of 2023.

At 31 May 2023, 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 31 May 2023 are as follows:

	31 May 2023 RM’000
Assets	
Property, plant and equipment	7
Intangible asset	2,510
Concession financial asset	110,565
Trade and other receivables	(956)
Other current assets	387
Cash and bank balances	2,420
	<u>114,933</u>
Loss on disposal of discontinued operation	<u>(49,836)</u>
Assets held for sale	<u>65,097</u>
Liabilities	
Loans and borrowings	(18,395)
Trade and other payables	(3,278)
Tax payables	(150)
Deferred tax liabilities	(4,932)
Liabilities directly associated with assets held for sale	<u>(26,755)</u>
Net assets directly associated with disposal group	<u>38,342</u>

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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 12 months ended	
	31 May 2023	31 May 2022	31 May 2023	31 May 2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,823	N/A	13,145	N/A
Gain on disposal of property, plant and equipment	-	N/A	(3,568)	N/A
Reversal of impairment loss recognised on the remeasurement to fair value	(1,779)	N/A	(3,619)	N/A
Interest expenses	6,226	N/A	21,227	N/A
Interest income	(1,381)	N/A	(3,863)	N/A
Inventories written down	551	N/A	406	N/A
Unrealised loss on foreign exchange	790	N/A	321	N/A

**A9. Income tax expense**

	Current 3 months ended		Cumulative 12 months ended	
	31 May 2023	31 May 2022	31 May 2023	31 May 2022
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Based on results for the year	(525)	N/A	425	N/A
Under provision in respect of previous year	146	N/A	146	N/A
	<u>(379)</u>	<u>N/A</u>	<u>571</u>	<u>N/A</u>
Deferred income tax:				
Origination and reversal of temporary differences	40,486	N/A	34,862	N/A
Under provision of deferred tax in respect of previous year	9,161	N/A	8,866	N/A
	<u>49,647</u>	<u>N/A</u>	<u>43,728</u>	<u>N/A</u>
Income tax expense recognised in profit or loss	<u>49,268</u>	<u>N/A</u>	<u>44,299</u>	<u>N/A</u>

The effective tax rate for the current quarter and year is higher than the statutory rate principally due to a prudence decision taken by the Group to reverse its previous recognition of deferred tax assets which arose from unutilised tax losses and other unutilised tax allowances.

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**A10. Loss per share**

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

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	
	31 May 2023	31 May 2022	31 May 2023	31 May 2022
Loss net of tax attributable to owners of the Company (RM'000)	(69,067)	N/A	(95,506)	N/A
Weighted average number of ordinary shares in issue ('000)	<u>398,985</u>	<u>N/A</u>	<u>398,985</u>	<u>398,985</u>
Basic loss per share (sen per ordinary share)	(17.31)	N/A	(23.94)	N/A
Diluted loss per share (sen per ordinary share)	<u>(17.31)</u>	<u>N/A</u>	<u>(23.94)</u>	<u>N/A</u>

**A11. Property, plant and equipment**

During the year ended 31 May 2023, the Group acquired assets at the cost of RM2.8 million.

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**SARAWAK CABLE BERHAD**  
**Registration No. 199801000274 (456400-V)**  
**(Incorporated in Malaysia)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 2023**

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

**A12. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>31 May 2023 RM’000</b>	<b>31 May 2022 RM’000</b>
Cash in hand and at banks	31,889	16,017
Deposits with licensed banks	3,068	2,399
<b>Cash and bank balances</b>	<u>34,957</u>	<u>18,416</u>

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

	<b>31 May 2023 RM’000</b>	<b>31 May 2022 RM’000</b>
Cash and bank balances	34,957	18,416
Less: Bank overdrafts	(2,939)	(2,672)
Deposits pledged	(3,068)	(2,399)
<b>Cash and cash equivalents</b>	<u>28,950</u>	<u>13,345</u>

**A13. Loans and borrowings**

	<b>31 May 2023 RM’000</b>	<b>31 May 2022 RM’000</b>
<b>Current</b>		
Secured	19,145	52,740
Unsecured	329,418	325,859
	<u>348,563</u>	<u>378,599</u>
<b>Non-current</b>		
Secured	51,802	66,883
	<u>400,365</u>	<u>445,482</u>

**A14. Dividend paid**

No dividend had been paid for the year ended 31 May 2023.

**A15. Commitments**

	<b>31 May 2023 RM’000</b>	<b>31 May 2022 RM’000</b>
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	44	1,212
Approved but not contracted for:		
Property, plant and equipment	5,500	4,485
	<u>5,544</u>	<u>5,697</u>



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

**B1. Contingencies**

There were no significant contingencies as at the end of the current financial quarter.

**B2. Related party transactions**

The following table provides information on the transactions which were entered into with related parties during the year/period ended 31 May 2023 and 31 May 2022 as well as the balances with the related parties as at 31 May 2023 and 31 May 2022.

		May 2023/May 2022		May 2023/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 SESCO Berhad	2023	458	-	-	-
	2022	N/A	N/A	N/A	N/A
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2023	2,641	98,594	311	308
	2022	N/A	N/A	N/A	N/A
Leader Solar Sdn. Bhd.	2023	-	502	-	-
	2022	N/A	N/A	N/A	N/A

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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, the performance of the Group was affected by the lower revenue from cables and wires, and galvanized products and steel structures segment. As explained in Note A5, the current on-going restructuring program which has led to a stand-still in our financing lines has resulted in the Group operating in a lower capacity, using the Group’s internal resources. This has led to lower revenue, high unabsorbed overhead and a gross loss position.

**B5. Commentary on prospects**

The Group’s cables and wires segment book orders remain high, with an encouraging increase in book order for galvanized products and steel structures segment, will contribute positively to the Group.

The Group is currently undertaking a restructuring program to rehabilitate the financial performance of the Group and the Group anticipate that this program will be finalised before the end of year 2023.

**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.

On 10 February 2023, the Company announced that the Company and KEH had mutually agreed to extend the Conditional Period until 30 April 2023.

On 13 April 2023, the Company announced that the Company and KEH had mutually agreed to extend the Conditional Period for a period of three (3) months from 30 April 2023 until 31 July 2023.

On 23 June 2023, the Company announce that the ordinary resolution on the above-mentioned proposed disposal was duly passed by the shareholders of the Company by way of poll via remote participation and electronic voting at the Extraordinary General Meeting held on 23 June 2023.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 2023**

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

**B8. Changes in material litigation**

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

**B9. Dividends payable**

No dividend was payable for the year ended 31 May 2023.

**B10. Disclosure of nature of outstanding derivatives**

The was no outstanding derivative as of this quarter ended 31 May 2023.

**B11. Risks and policies of derivatives**

The Group will only enter into LME or currency derivative to hedge against potential commodity or currency fluctuation.

**B12. Disclosure of gains/losses arising from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 May 2023 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 period 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 27 July 2023.

By order of the Board