



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue		193,650	273,224	1,017,555	1,297,782
Cost of sales		(176,825)	(243,193)	(957,318)	(1,188,981)
Gross profit		16,825	30,031	60,237	108,801
Other operating income		1,593	2,615	8,527	13,688
Administrative expenses		(9,795)	(7,542)	(33,407)	(29,514)
Other operating expenses		(8,641)	(7,302)	(28,467)	(29,272)
Operating (loss)/profit		(18)	17,802	6,890	63,703
Finance costs		(8,945)	(10,978)	(32,535)	(29,961)
(Loss)/Profit before tax	A7	(8,963)	6,824	(25,645)	33,742
Income tax expense	A8	4,177	(3,686)	(11,976)	(13,732)
(Loss)/Profit for the period		(4,786)	3,138	(37,621)	20,010
Other comprehensive (loss)/income					
Exchange differences on translation of foreign operation		(35)	(1,849)	(1,005)	934
Net movement of cash flow hedges		83	(584)	146	1,115
Other comprehensive income/(loss) for the period, net of tax		48	(2,433)	(859)	2,049
Total comprehensive (loss)/income for the period, net of tax		(4,738)	705	(38,480)	22,059
(Loss)/Profit for the period attributable to:					
Equity holders of the company		(3,780)	3,355	(36,284)	19,106
Non-controlling interests		(1,006)	(217)	(1,337)	904
		(4,786)	3,138	(37,621)	20,010
Total comprehensive (loss)/income for the period, net of tax attributable to:					
Equity holders of the company		(3,726)	795	(36,926)	20,953
Non-controlling interests		(1,012)	(90)	(1,554)	1,106
		(4,738)	705	(38,480)	22,059
(Loss)/Earnings per share attributable to Equity holders of the company (sen per share):					
Basic	A9	(1.19)	1.06	(11.44)	6.03
Diluted	A9	(1.19)	1.06	(11.44)	6.03

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2017 RM'000	31.12.2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	448,628	463,215
Intangible assets		2,510	2,519
Deferred tax assets		35,550	42,946
Concession financial assets	A11	85,990	83,729
Trade receivables		67,015	53,531
		<u>639,693</u>	<u>645,940</u>
Current assets			
Inventories		119,318	119,135
Trade and other receivables		261,842	339,643
Other current assets		35,525	148,564
Tax recoverable		7,475	3,158
Derivatives assets		953	762
Cash and bank balances	A12	46,434	74,365
		<u>471,547</u>	<u>685,627</u>
TOTAL ASSETS		<u>1,111,240</u>	<u>1,331,567</u>
EQUITY AND LIABILITIES			
Current liabilities			
Derivatives liabilities		-	19
Loans and borrowings	A13	472,171	554,738
Trade and other payables		154,292	223,779
Other current liabilities		10,250	-
Income tax payable		-	2,598
		<u>636,713</u>	<u>781,134</u>
Net current liabilities		<u>(165,166)</u>	<u>(95,507)</u>
Non-current liabilities			
Loans and borrowings	A13	143,275	180,495
Trade payables		29,571	23,508
Deferred tax liabilities		18,482	15,239
		<u>191,328</u>	<u>219,242</u>
Total liabilities		<u>828,041</u>	<u>1,000,376</u>
Net assets		<u>283,199</u>	<u>331,191</u>
Equity attributable to equity holders of the Company			
Share capital		158,525	158,525
Reverse acquisition reserve		(37,300)	(37,300)
Share premium		70,284	79,796
Foreign currency translation reserve		(458)	330
Hedge reserve		724	578
Revenue reserves		91,218	127,502
		<u>282,993</u>	<u>329,431</u>
Non-controlling interests		206	1,760
Total equity		<u>283,199</u>	<u>331,191</u>
TOTAL EQUITY AND LIABILITIES		<u>1,111,240</u>	<u>1,331,567</u>
Net assets per share attributable to owners of the Company (sen)		89	104

The condensed consolidated statements of financial position should be read in conjunction with the accompanying notes attached to the interim financial statement.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
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	Share premium	Foreign currency translation reserves	Hedge reserve	Revenue reserves	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	324,985	324,331	158,525	(37,300)	79,796	(402)	(537)	124,249	654
Profit for the year	20,010	19,106	-	-	-	-	-	19,106	904
Other comprehensive income	2,049	1,847	-	-	-	732	1,115	-	202
Total comprehensive income	22,059	20,953	-	-	-	732	1,115	19,106	1,106
	347,044	345,284	158,525	(37,300)	79,796	330	578	143,355	1,760
Transaction with owners:									
Dividend on ordinary shares	(15,853)	(15,853)	-	-	-	-	-	(15,853)	-
At 31 December 2016	331,191	329,431	158,525	(37,300)	79,796	330	578	127,502	1,760

The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY



SARAWAK CABLE BERHAD
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	Attributable to equity holders of the Company								
	Total Equity	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	Share premium RM'000	Foreign currency translation reserves RM'000	Hedge reserve RM'000	Revenue reserves RM'000
At 1 January 2017	331,191	329,431	158,525	(37,300)	79,796	330	578	127,502	1,760
(Loss) for the year	(37,621)	(36,284)	-	-	-	-	-	(36,284)	(1,337)
Other comprehensive (loss)/income	(859)	(642)	-	-	-	(788)	146	-	(217)
Total comprehensive (loss)/income	(38,480)	(36,926)	-	-	-	(788)	146	(36,284)	(1,554)
Transition to no par value regime on 31 January 2017	-	-	-	-	-	-	-	-	-
	292,711	292,505	158,525	(37,300)	79,796	(458)	724	91,218	206
Transaction with owners:									
Dividends on ordinary shares	(9,512)	(9,512)	-	-	(9,512)	-	-	-	-
At 31 December 2017	283,199	282,993	158,525	(37,300)	70,284	(458)	724	91,218	206

Effective from 31 January 2017, the Company Act 2016 (“the Act”) abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balances of the share premium became part of the Company’s share capital pursuant to the transitional provision set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use these amounts for purpose as set out in Section 618 (3) and 618 (4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statement.



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date	Preceding year corresponding period
Note	31.12.2017 RM'000	31.12.2016 RM'000
Operating activities		
(Loss)/Profit before tax	(25,645)	33,742
Adjustments for:		
Allowance for/(reversal of) impairment loss of trade receivables, net	1,056	(334)
Amortisation of intangible assets	9	195
Depreciation of property, plant and equipment	26,422	21,857
Finance income from concessions financial assets	(4,434)	(3,750)
Gain on disposal of property, plant and equipment, net	-	(89)
Interest expense	32,535	29,961
Interest income	(2,252)	(1,303)
Inventories written down	2,486	1,656
Net fair value gain on derivatives	(19)	(469)
Unrealised loss/(gain) on foreign exchange	5,076	(3,051)
Unwinding of discount on finance lease	(6)	(23)
Operating cash flows before working capital changes	35,228	78,392
Changes in working capital:		
(Increase)/decrease in inventories	(2,669)	33,020
Decrease in trade and other receivables	63,261	61,924
Decrease/ (Increase) in other current assets	123,289	(91,007)
Decrease in trade and other payables	(68,500)	(109,373)
Decrease in derivative liabilities	(45)	(1,009)
Increase in concessions financial assets	(7,736)	(16,393)
Total changes in working capital	107,600	(122,838)
Cash generated from/(used in) operations	142,828	(44,446)
Interest paid	(32,535)	(35,559)
Tax paid, net of refund	(8,250)	(6,852)
Net cash flows generated from/(used in) operating activities	102,043	(86,857)



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Current year to date	Preceding year corresponding period
Note	31.12.2017 RM'000	31.12.2016 RM'000
Investing activities		
Purchase of property, plant and equipment	(11,835)	(33,165)
Interest received	2,252	1,303
Proceeds from disposal of property, plant and equipment	-	91
Net cash used in investing activities	<u>(9,583)</u>	<u>(31,771)</u>
Financing activities		
(Repayment)/drawdown from borrowings	(128,282)	140,557
Dividend paid on ordinary shares	(9,512)	(15,853)
Decrease/(increase) in cash and bank balances pledged for bank borrowings	1,989	(1,618)
Net cash (used in)/generated from financing activities	<u>(135,805)</u>	<u>123,086</u>
Net (decrease)/increase in cash and cash equivalents	(43,345)	4,458
Effect on exchange rate changes	8,902	934
Cash and cash equivalents at 1 January	48,092	42,700
Cash and cash equivalents at 31 December	<u><u>13,649</u></u>	<u><u>48,092</u></u>

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The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 February 2018.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2016 were prepared in accordance with Malaysian Financial Reporting Standards (MFRS). 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 2016.

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

A5. Segment information

	Sales of power and telecommunication cables		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 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Revenue														
External customers	887,900	856,593	25,604	35,830	85,885	386,014	18,166	19,345	1,017,555	1,297,782	-	-	1,017,555	1,297,782
Inter-segment	-	1,864	-	32	-	-	27,726	10,400	27,726	12,296	(27,726)	(12,296)	-	-
Total revenue	887,900	858,457	25,604	35,862	85,885	386,014	45,892	29,745	1,045,281	1,310,078	(27,726)	(12,296)	1,017,555	1,297,782
Segment profit/(loss)	51,332	34,698	1,095	1,822	(43,367)	11,491	(10,899)	(9,269)	(1,839)	38,742	(23,806)	(5,000)	(25,645)	33,742

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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 power and telecommunication cables 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 power and telecommunication cables

The sales of power and telecommunication cables segment contributed 87.26% (31 December 2016: 66.00%) of the total revenue of the Group for the year ended 31 December 2017 and is the main contributor to the Group’s operating profit in 2017.

The segment recorded a revenue and profit before tax of RM887.9 million and RM51.33 million respectively for the year ended 31 December 2017 as compared to revenue and profit before tax of RM856.59 million and RM34.70 million respectively in the corresponding year ended 31 December 2016. Large orders received for power cables augur a profitable year for power and telecommunication cables segment. Operating costs have remained fairly consistent.

The Group anticipates and expects that the demand for power and communication cables will be maintain in 2018.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.52% (31 December 2016: 2.76%) of the total revenue of the Group for the year ended 31 December 2017.

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

This segment recorded profit before tax of RM1.10 million when compared with corresponding year ended 31 December 2016 profit before tax of RM1.82 million. Market demand for products under this segment has been relatively weak in 2017.

With both Sabah and Sarawak government aspiration to develop a road network on Borneo Island connecting two Malaysia states of Sabah and Sarawak with Brunei and Kalimantan region in Indonesia collectively known as Pan Borneo Highway, the Group expects to participate in the supply of galvanized products and steel structures. This bodes well for performance of this segment in 2018.



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A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 8.44% (31 December 2016: 29.74 %) of the total revenue of the Group for the year ended 31 December 2017.

The segment recorded a revenue and loss before tax of RM85.89 million and RM43.37 million respectively for the financial year ended 31 December 2017 as compared to revenue of RM386.01 million and profit before tax of RM11.49 million respectively for the corresponding year in 2016. The loss was the result of additional expenses the Group undertook and incurred for the sole purpose of meeting a project’s completion timeline and also to meet additional requests from the client.

The Group viewed that the main priority is to complete the project and is now in discussion with the client on potential claims for additional works and additional expenses which was incurred as a result of the prolonged timeline and additional requests by the client. The Group has decided to take a prudent step to recognise these additional expenses including making provisions for potential project costs as part of the Group’s project expenses pending approval from the client. The prudent step also includes the claw back of profit recognised for this project in previous years amounting to RM16.9 million. These adjustment were made in interim quarter ended 30 September 2017.

As a result of the Group’s commitment, the project has been completed and the client has commissioned and energized the project in the current year.

Segment results for the financial year ended 31 December 2017 had decreased as compared to corresponding year due to provision for potential project costs and claw back of profit recognised in previous years. The Group has been and is still actively participating in tenders for new projects.

The Group is developing plans for the power transmission industry, which includes expanding market coverage, actively participating in tenders 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 year ended 31 December 2017, power generation, helicopter services and corporate segment contributed RM18.17 million to the total revenue of the Group.

The Group’s continuous effort to nurture, strategize and plan this segment has resulted in the award by Kementerian Kesihatan Malaysia on 14th December 2017, a two years contract for helicopter Medical Evacuation Services (“MEDEVAC”) and Flying Doctor Services (“FDS”) that carry a contract value of RM18.4 million as announced to Bursa Malaysia Securities Berhad.

Consolidated profit before tax

The Group recorded a loss before tax of RM25.65 million (31 December 2016: profit before tax of RM33.74 million) for the year ended 31 December 2017, which was lower than corresponding year principally due to losses incurred in transmission lines construction segment as explained above. However, the Group still records a solid EBITA at RM33.31 million for the year 31 December 2017.

The other factors which had affected the current quarter’s profit 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. The following items have been included in arriving at (loss)/profit before tax:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Allowance for/(reversal of) impairment loss of trade receivables, net	1,164	(192)	1,056	(334)
Amortisation of intangible assets	9	23	9	195
Depreciation of property, plant and equipment	8,062	4,834	26,422	21,857
Finance income from concession financial assets	(1,129)	(933)	(4,434)	(3,750)
Interest expense	8,945	10,978	32,535	29,961
Interest income	(15)	(354)	(2,252)	(1,303)
Inventories written down	2,156	1,637	2,486	1,656
Gain on disposal of property, plant and equipment, net	-	-	-	(89)
Net fair value gain on derivatives	(19)	(469)	(19)	(469)
Property, plant and equipment written off	-	(143)	-	-
Unrealised loss/(gain) on foreign exchange	4,301	(2,482)	5,076	(3,051)
Unwinding of discount on finance lease	-	(7)	(6)	(23)

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A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Current income tax:				
Based on results for the year	(3,245)	2,514	1,656	7,822
Over provision of income tax in respect of previous year	(972)	(824)	(1,126)	(703)
Deferred income tax	40	1,996	11,446	6,613
	<u>(4,177)</u>	<u>3,686</u>	<u>11,976</u>	<u>13,732</u>

The effective tax rate for the current quarter is lower than the statutory rate due to utilisation of group relief tax treatment whereby adjusted losses of subsidiaries in the current year assessment is surrendered to subsidiaries that have positive defined aggregate income in order to reduce overall tax payable by the Group.

The effective tax rate for the current year and corresponding year is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes, deferred tax assets not recognised for losses incurred in certain subsidiaries and reversal of deferred tax assets recognised in previous year.

A9. (Loss)/Earnings per share

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

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

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

	Current year quarter		Current year to date	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
(Loss)/Profit net of tax attributable to equity holders of The Company (RM'000)	<u>(3,780)</u>	<u>3,355</u>	<u>(36,284)</u>	<u>19,106</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>(1.19)</u>	<u>1.06</u>	<u>(11.44)</u>	<u>6.03</u>
Diluted (loss)/earnings per share (sen per ordinary share)	<u>(1.19)</u>	<u>1.06</u>	<u>(11.44)</u>	<u>6.03</u>



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A10. Property, plant and equipment

During the year ended 31 December 2017, the Group acquired assets at the cost of RM11.8 million (31 December 2016: RM33.2 million).

A11. Concession financial assets

	31 December 2017 RM’000	31 December 2016 RM’000
At 1 January	83,729	63,586
Concession construction revenue	7,736	10,636
Accrued financial income	4,434	3,750
Exchange difference	(9,909)	5,757
At 31 December	<u>85,990</u>	<u>83,729</u>

A12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31 December 2017 RM’000	31 December 2016 RM’000
Cash in hand and at banks	31,156	49,158
Deposits with licensed banks	15,278	25,207
Cash and bank balances	<u>46,434</u>	<u>74,365</u>

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

	31 December 2017 RM’000	31 December 2016 RM’000
Cash in hand and at banks	24,917	40,596
Deposits with licensed banks	22	10,285
Less: Bank overdraft	(11,290)	(2,789)
Cash and cash equivalents	<u>13,649</u>	<u>48,092</u>



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A13. Loans and borrowings

	31 December 2017 RM’000	31 December 2016 RM’000
Current		
Secured	85,938	136,219
Unsecured	386,233	418,519
	<u>472,171</u>	<u>554,738</u>
Non-current		
Secured	134,188	166,440
Unsecured	9,087	14,055
	<u>143,275</u>	<u>180,495</u>
	<u>615,446</u>	<u>735,233</u>

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

	31 December 2017 USD’000	31 December 2016 USD’000
USD term loan	<u>7,157</u>	<u>12,051</u>

A14. Dividend Paid

The Board of Directors declared a first and final single tier dividend of 3.0 sen (31 December 2015: 5.0 sen) per ordinary share in respect of financial year ended 31 December 2016. The dividend was paid on 28 July 2017 to depositors whose name appear in the Record of Depository on 7 July 2017.

A15. Commitments

	31 December 2017 RM’000	31 December 2016 RM’000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	30,704	31,072
Approved but not contracted for:		
Property, plant and equipment	9,314	4,641
	<u>40,018</u>	<u>35,713</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 ended 31 December 2017 and 31 December 2016 as well as the balances with the related parties as at 31 December 2017 and 31 December 2016.

		December	December		
		Sales to related parties RM'000	Purchases from related parties RM'000	Amounts owed by related parties RM'000	Amounts owed to related parties RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2017	6,141	-	993	-
	2016	11,652	-	4,637	-
Syarikat SESCO Berhad	2017	20,722	-	6,572	-
	2016	13,770	-	3,552	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha Industries Sdn. Bhd.	2017	5,252	226,740	350	15,648
	2016	2,128	241,270	332	14,356
Leader Universal Aluminium Sdn. Bhd.	2017	4,556	218,542	14	12,393
	2016	1,827	149,556	-	13,661



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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 profit before taxation

The loss before taxation for the quarter ended 31 December 2017 is lower than the immediate preceding quarter as major costs to be incurred in the transmission lines construction segment had been recognised in previous quarter as explained in Note A5.

B5. Commentary on prospects

With the Government's focus on development of road infrastructure in Sarawak such as the Pan Borneo highway, the coastal road system, expansion of telecommunication network and provision of electricity supply to interior areas, strong demand for power cables, steel products and transmission lines construction would be expected. This augurs well for our Group with a strong track record, capacity and capability to supply power cables, transmission towers and other related products.

The Group has made a firm decision to realign its focus to developing and strengthening its main core business of manufacturing and sales of power and telecommunication cables for the long-term strategy.

Additionally, the Group is also addressing the more challenging segment such as transmission line construction.

With regards to the aviation segment, the Group foresees optimal utilisation of all its assets with medium to long term contracts, hence, profitability will be achieved in due course.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

There were no corporate proposals.

B8. Changes in material litigation

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



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

B9. Dividends payable

No dividend was payable for the year ended 31 December 2017.

B10. Disclosure of nature of outstanding derivatives

The outstanding derivatives were for the forward hedges with the London Metal Exchange (“LME”) brokers.

B11. Risks and policies of derivatives

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

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2017 and 31 December 2016 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 2016 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 27 February 2018.

By order of the Board

Teoh Wen Jinq
Company Secretary
27 February 2018