



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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Revenue		212,749	186,468	476,116	575,233
Cost of sales		(196,358)	(175,297)	(450,432)	(536,543)
Gross profit		16,391	11,171	25,684	38,690
Other operating income		6,884	826	10,435	5,939
Administrative expenses		(6,722)	(6,068)	(18,270)	(18,959)
Other operating expenses		(4,470)	(3,314)	(13,443)	(15,194)
Operating profit		12,083	2,615	4,406	10,476
Finance costs		(6,086)	(8,026)	(15,536)	(21,055)
Profit/(loss) before tax	A7	5,997	(5,411)	(11,130)	(10,579)
Income tax expense	A8	(1,334)	1,602	(2,765)	(1,654)
Profit/(loss) for the period		4,663	(3,809)	(13,895)	(12,233)
Other comprehensive income					
Exchange differences on translation of foreign operation		491	(22)	174	(168)
Net movement of cash flow hedges		(53)	(1,545)	1,854	(609)
Income tax related to cash flow hedges		12	371	(445)	146
Other comprehensive income/(loss) for the period, net of tax		450	(1,196)	1,583	(631)
Total comprehensive income/(loss) for the period, net of tax		5,113	(5,005)	(12,312)	(12,864)
Profit/(loss) for the period attributable to:					
Equity holders of the company		3,436	(3,357)	(13,782)	(10,925)
Non-controlling interests		1,227	(452)	(113)	(1,308)
		4,663	(3,809)	(13,895)	(12,233)
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Equity holders of the company		3,779	(4,548)	(12,237)	(11,519)
Non-controlling interests		1,334	(457)	(75)	(1,345)
		5,113	(5,005)	(12,312)	(12,864)
Profit/(loss) per share attributable to Equity holders of the company (sen per share):					
Basic	A9	1.08	(1.06)	(4.35)	(3.45)
Diluted	A9	1.08	(1.06)	(4.35)	(3.45)

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 30 SEPTEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.09.2020 RM'000	31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	259,674	273,226
Intangible assets		2,510	2,510
Deferred tax assets		30,557	30,666
Concession financial assets	A11	100,222	99,863
Trade receivables		26,830	29,297
		419,793	435,562
Current assets			
Inventories		95,964	140,654
Trade and other receivables		312,942	255,083
Other current assets		3,081	6,287
Contract assets		-	1,965
Tax recoverable		4,749	4,683
Derivative assets		341	-
Cash and bank balances	A13	34,306	90,130
		451,383	498,802
TOTAL ASSETS		871,176	934,364
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A14	409,297	445,831
Lease liabilities		197	3,002
Trade and other payables		194,961	193,172
Contract liabilities		14,729	24,654
Derivatives liabilities	A12	-	1,513
Income tax payable		414	490
		619,598	668,662
Net current liabilities		(168,215)	(169,860)
Non-current liabilities			
Loans and borrowings	A14	82,608	81,763
Lease liabilities		760	3,612
Trade payables		14,197	14,197
Deferred tax liabilities		8,814	8,619
		106,379	108,191
Total liabilities		725,977	776,853
Net assets		145,199	157,511
Equity attributable to equity holders of the Company			
Share capital		238,321	238,321
Reverse acquisition reserve		(37,300)	(37,300)
Foreign currency translation reserve		(651)	(787)
Hedge reserve		258	(1,151)
Accumulated losses		(53,239)	(39,457)
		147,389	159,626
Non-controlling interests		(2,190)	(2,115)
Total equity		145,199	157,511
TOTAL EQUITY AND LIABILITIES		871,176	934,364
Net assets per share attributable to owners of the Company (sen)		46	50

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 PERIOD ENDED 30 SEPTEMBER 2020

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 2019	242,130	243,121	238,321	(37,300)	(700)	(3,279)	46,079	(991)
Loss for the period	(12,233)	(10,925)	-	-	-	-	(10,925)	(1,308)
Other comprehensive loss	(631)	(594)	-	-	(131)	(463)	-	(37)
Total comprehensive loss	(12,864)	(11,519)	-	-	(131)	(463)	(10,925)	(1,345)
At 30 September 2019	229,266	231,602	238,321	(37,300)	(831)	(3,742)	35,154	(2,336)

The condensed consolidated statements of changes in equity 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 FOR THE PERIOD ENDED 30 SEPTEMBER 2020
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	Non-distributable			Distributable		
	RM'000	RM'000	Share capital RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserves RM'000	Hedge reserve RM'000	Accumulated losses 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	(13,895)	(13,782)	-	-	-	-	(13,782)	(113)
Other comprehensive income	1,583	1,545	-	-	136	1,409	-	38
Total comprehensive (loss)/income	(12,312)	(12,237)	-	-	136	1,409	(13,782)	(75)
At 30 September 2020	145,199	147,389	238,321	(37,300)	(651)	258	(53,239)	(2,190)

The condensed consolidated statements of changes in equity 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 FOR THE PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current period to date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Operating activities			
Loss before tax		(11,130)	(10,579)
Adjustments for:			
Bad debts written off	A7	-	-
Concession financial income	A7	(3,869)	(1,232)
Depreciation of property, plant and equipment	A7	13,344	15,991
Interest expense	A7	15,536	21,055
Interest income	A7	(628)	(1,055)
Inventories written down	A7	82	11
Loss/(Gain) on disposal of property, plant and equipment	A7	-	231
Property, plant and equipment written off	A7	211	-
Provision for doubtful debts	A7	-	300
Reversal of allowance for impairment loss of trade receivables, net	A7	-	(109)
Reversal of bad debts written off	A7	(606)	
Reversal of impairment of property, plant and equipment	A7	-	(660)
Unrealised loss on foreign exchange	A7	(4,366)	180
Operating cash flows before working capital changes		<u>8,574</u>	<u>24,133</u>
Changes in working capital:			
Decrease/(increase) in inventories		44,608	(15,125)
Increase in trade and other receivables		(58,296)	(36,313)
Decrease in other current assets		18,065	1,471
(Decrease)/increase in trade and other payables		(16,563)	39,574
Increase in amount due to related party		-	2,456
Increase in derivative liabilities		-	1
Increase in concessions financial assets		(1,925)	(4,004)
Total changes in working capital		<u>(14,111)</u>	<u>(11,940)</u>
Cash generated from operations		(5,537)	12,193
Interest paid		(15,536)	(21,055)
Tax paid, net of refund		<u>(2,419)</u>	<u>(1,611)</u>
Net cash flows used in operating activities		<u>(23,492)</u>	<u>(10,473)</u>



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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current period to date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Investing activities			
Proceeds from disposal of property, plant and equipment		1,011	10,167
Purchase of property, plant and equipment		(1,115)	(5,977)
Interest received		628	1,055
Net cash generated from investing activities		524	5,245
Financing activities			
Repayment from borrowings		(36,424)	(14,556)
Decrease in cash and bank balances pledged for bank borrowings		2,011	12,753
Net cash used in financing activities		(34,413)	(1,803)
Net decrease in cash and cash equivalents			
Effect on exchange rate changes		(57,381)	(7,031)
Cash and cash equivalents at 1 January		5,607	(1,767)
Cash and cash equivalents at 30 September	A13	84,184	27,279
		32,410	18,481

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 PERIOD ENDED 30 SEPTEMBER 2020

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 November 2020.

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 2019.

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 2019 except for the adoption of new standards effective as at 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 7, *Financial Instruments: Disclosures*, MFRS 9, *Financial Instruments*, and MFRS 139, *Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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

The COVID-19 pandemic is disrupting business environments, dampening consumer and business sentiments, and dismantling supply chains and financial markets. To curb the spread of COVID-19 virus in Malaysia, the Movement Control Order (“MCO”) was implemented since 18 March 2020. The Group was impacted as operations was not allowed during the MCO as the nature of our business is considered non-essential activity which is prohibited to operate during the MCO period.

The MCO was eased into a Conditional MCO (“CMCO”) from 4 May 2020 to 9 June 2020 and on 7 June 2020, the Malaysian Government announced that CMCO will end on 9 June 2020 and Malaysia will ease into a Recovery MCO (“RMCO”) from 10 June 2020 until 31 August 2020.

Although operations have since re-commenced, but under strict Standard Operating Procedures, the Group is faced with disrupted operational efficiency and sub-optimal utilization of assets. Collectively, this will have an impact on the Group’s performance.

Except for the above, there was no other 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	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	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	427,006	499,432	9,850	14,975	34,094	48,616	5,166	12,210	476,116	575,233	-	-	476,116	575,233
Inter-segment	-	-	-	-	-	-	4,725	5,700	4,725	5,700	(4,725)	(5,700)	-	-
Total revenue	427,006	499,432	9,850	14,975	34,094	48,616	9,891	17,910	480,841	580,933	(4,725)	(5,700)	476,116	575,233
Segment profit/(loss)	1,127	7,659	(1,771)	(377)	(63)	(15)	(10,423)	(17,946)	(11,130)	(10,639)	-	-	(11,130)	(10,639)

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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 cables 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 power and telecommunication cables segment contributed 89.7% (30 September 2019: 86.8%) of the total revenue of the Group for the period ended 30 September 2020 and is the main contributor to the Group’s operating profit in 2020.

The segment recorded a revenue and profit before tax of RM427.0 million and RM1.1 million respectively for the period ended 30 September 2020 as compared to revenue and profit before tax of RM499.4 million and RM7.7 million respectively in the corresponding period ended 30 September 2019. Performance has dropped as result of the interruptions to operations during the various control orders. Market demand for products under this segment has been challenging during this period.

Sales of galvanised products and steel structures

The sales of galvanised products and steel structures segment contributed 2.1% (30 September 2019: 2.6%) of the total revenue of the Group for the period ended 30 September 2020.

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

This segment recorded loss before tax of RM1.7 million when compared with corresponding period ended 30 September 2019 loss before tax of RM0.3 million. Market demand for products under this segment has been relatively weak.



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A5. Segment information (contd.)

Transmission lines construction

The transmission line construction segment contributed 7.2% (30 September 2019: 8.5%) of the total revenue of the Group for the period ended 30 September 2020.

The segment recorded a revenue and loss before tax of RM34.1 million and RM63,000 respectively for the financial period ended 30 September 2019 as compared to revenue of RM48.6 million and loss before tax of RM15,000 respectively for the corresponding period in 2019.

The Group continuous plans for the power transmission industry, includes moving operation to focus on works in the State of Sarawak, actively participating in works as subcontractors and implement and strengthen our project management team to better manage the cost and completion timeline of on-going projects.

Power generation, helicopter services and corporate

The power generation, helicopter services and corporate segment provides power generation business, provision of helicopter services and Group-level corporate and management services. In the financial period ended 30 September 2020 power generation, helicopter services and corporate segment contributed RM9.9 million to the total revenue of the Group.

The construction of hydro dam in Medan Indonesia is near completion, however, work was interrupted as Indonesia is observing a lockdown in view of the pandemic. We have obtained consent to resume work partially and based on the revised timeline, the hydro dam is expected to be commissioned by first quarter of 2021.

The hydro dam itself is already completed. We are now in the process of completing the overhead lines which will ultimately connect the hydro dam to the Indonesian Government-owned corporation, Perusahaan Listrik Negara (“PLN”) sub-station. The overhead lines are progressing well, however, due to the travel restrictions as a result of the lockdown, we have had to defer some works until the Indonesian authorities liberalize their travel restrictions.

In any event, the company has taken preemptive measures by engaging with our foreign consultants to proceed with preparations for testing and commissioning via video conferencing.

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 RM3.8 million. This finance cost represents loan taken to finance construction of the hydro dam.

The Group also recognised an unrealized foreign exchange gain of approximately RM4.9 million upon translation from Indonesia Rupiah to Ringgit Malaysia.



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A5. Segment information (contd.)

Consolidated loss before tax

The Group recorded a loss before tax of RM11.1 million (30 September 2019: RM10.6 million) for the period ended 30 September 2020, principally due to interruptions to operations as a result of the various MCOs.

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 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
Bad debts written off	-	(119)	-	-
Concession financial income	(1,273)	(6)	(3,869)	(1,232)
Depreciation of property, plant and equipment	4,676	5,143	13,344	15,991
Loss on disposal of property, plant and equipment	135	(277)	-	231
Interest expense	6,086	8,026	15,536	21,055
Interest income	(160)	91	(628)	(1,055)
Inventories written down	82	3	82	11
Property, plant and equipment written off	211	-	211	-
Provision for doubtful debts	-	300	-	300
Reversal of allowance for impairment loss of trade receivables, net	-	(32)	-	(109)
Reversal of bad debts written off	(606)	-	(606)	-
Reversal of impairment of property, plant and equipment	-	(660)	-	(660)
Unrealised (gain)/ loss on foreign exchange	(6,025)	(1,188)	(4,366)	180

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A8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
Current income tax:				
Based on results for the year	1,417	(517)	2,876	2,675
Over provision of deferred tax in respect of previous period	(18)	(1,543)	(18)	(1,543)
Deferred income tax	(47)	458	(93)	522
	<u>1,352</u>	<u>(1,602)</u>	<u>2,765</u>	<u>1,654</u>

The effective tax rate for the current quarter and financial period ended 30 September 2020 and 30 September 2019 was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes and deferred tax assets not recognised for losses incurred 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	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
Profit/(loss) net of tax attributable to equity holders The Company (RM'000)	<u>3,436</u>	<u>(2,156)</u>	<u>(13,782)</u>	<u>(10,925)</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 profit/(loss) per share (sen per ordinary share)	<u>1.08</u>	<u>(0.68)</u>	<u>(4.35)</u>	<u>(3.45)</u>
Diluted profit/(loss) per share (sen per ordinary share)	<u>1.08</u>	<u>(0.68)</u>	<u>(4.35)</u>	<u>(3.45)</u>



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A10. Property, plant and equipment

During the period ended 30 September 2020, the Group acquired assets at the cost of RM1.1 million (30 September 2019: RM5.9 million).

A11. Concession financial assets

	30 September 2020 RM'000	31 December 2019 RM'000
At 1 January	99,863	92,671
Concession construction revenue	1,925	4,612
Accrued financial income	3,869	5,158
Exchange difference	(5,435)	2,322
Impairment	-	(4,900)
At 30 September 2019/31 December 2018	100,222	99,863

A12. Fair Value hierarchy

The Group held commodity forward contracts carried at fair value based on Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. The identical assets and liabilities as follows:

	30 September 2019 RM'000	31 December 2019 RM'000
Derivative assets	341	-
Derivatives liabilities	-	1513
	-	1513

There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the quarter.

A13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30 September 2020 RM'000	31 December 2019 RM'000
Cash in hand and at banks	30,035	86,634
Deposits with licensed banks	4,271	3,496
Cash and bank balances	34,306	90,130



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A13. Cash and bank balances (contd.)

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

	30 September 2020 RM'000	31 December 2019 RM'000
Cash and bank balances	34,306	45,703
Less: Bank overdrafts	-	-
Cash restricted for repayment	-	-
Deposits pledged	(1,896)	(1,896)
Cash and cash equivalents	<u>32,410</u>	<u>43,807</u>

A14. Loans and borrowings

	30 September 2019 RM'000	31 December 2019 RM'000
Current		
Secured	50,184	46,689
Unsecured	359,113	398,962
	<u>409,297</u>	<u>455,831</u>
Non-current		
Secured	81,530	81,763
Unsecured	1,078	-
	<u>82,608</u>	<u>81,763</u>
	<u>491,905</u>	<u>537,594</u>

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

	30 September 2020 USD'000	31 December 2019 USD'000
USD term loan	<u>5,619</u>	<u>6,882</u>

A15. Dividend paid

No dividend had been paid for the period ended 30 September 2020.

A16. Commitments

	30 September 2020 RM'000	31 December 2019 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	610	324
Approved but not contracted for:		
Property, plant and equipment	9,366	9,455
	<u>9,976</u>	<u>9,779</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 30 September 2020 and 30 September 2019 as well as the balances with the related parties as at 30 September 2020 and 31 December 2019.

		Sales to related parties	September Purchases from related parties	Amounts owed by related parties	September/December Amounts owed to related parties
		RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries of Sarawak Energy Berhad:					
Syarikat	2020	10,920	-	1,958	-
SESCO	2019	13,725	-	2,499	-
Transactions with subsidiaries of Hng Capital Sdn Bhd:					
Alpha	2020	1,669	118,496	413	17,651
Industries	2019	4,187	135,743	-	20,438
Leader	2020	-	184	-	-
Universal	2019	240	7,376	-	625
Aluminium					
Sdn. Bhd.					



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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

As certain business segments of the Group have resumed full operation in Q3 2020, the overall performance for the quarter ended 30 September 2020 has recorded improvement when compared to the immediate preceding quarter.

B5. Commentary on prospects

The Group anticipates improving performance in the coming quarter, barring any unforeseen circumstances.

B6. Profit forecast or profit guarantee

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

B7. Corporate proposals

(a) Status of utilisation of proceeds from Proposal Disposal

The gross proceeds from the Proposed Disposal of RM 65.0 million have been 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	60,000	(60,786)	786	-	Within months	12 RM60.7 million was utilised.
(ii)	Estimated expenses	5,000	(4,214)	(786)	-	Within month	1 Reallocated to Working Capital requirements under (i) as expenses incurred for the Proposal Disposal has been fully settled.
		<u>65,000</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>		



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B7. Corporate proposals (cont'd.)

- (b) 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.

Notwithstanding the above, the operations of the Affected Companies shall remain as usual.

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 September 2020.

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 2020 and 31 December 2019 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 2019 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 November 2020.

By order of the Board