SARAWAK CABLE BERHAD

(456400-V)

annual report 2012

OUR MISSION

We Aim To Be The Leading Provider Of Total/Integrated Power Solutions, Creating Sustainable Value For Our Stakeholders, And The Communities In Which We Operate.

OUR VALUES

Integrity
Trust
Teamwork
Innovation
Performance
Customer/Client Focus
Caring

Contents

CORPORATE PROFILE

POWER CABLES AND WIRES

We manufacture two (2) types of power cables, wires and conductors, which are low voltage power cables and wires and high voltage bare conductors. The manufacture of power cables and wires refers to the use of raw materials such as copper or aluminium coils, which are then stranded or twisted to the required specifications and may or may not be insulated and protected.

Single and Multi Core Power Cables and Wires

Low voltage power cables and wires such as single core power cables and wires and multi-core power cables and wires are principally used in distribution lines, as well as inside end-user homes, offices and factories. The low voltage power cables and wires manufactured include:

- Single core - XLPE insulated armoured PVC sheathed cable;
- Three (3) cores - XLPE insulated armoured PVC sheathed cable;
- Four (4) cores - XLPE insulated armoured PVC sheathed cable; and
- Four (4) cores - XLPE insulated non-armoured PVC sheathed cable;

High Voltage Bare Conductors

Our Group manufactures high voltage bare conductors that support voltage in excess of 33kV, includes:

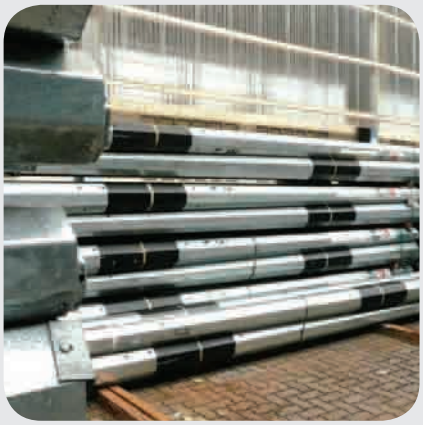
- All Aluminium Conductors (AAC);
- All Aluminium Alloy Conductors (AAAC);
- All Aluminium Conductor Steel Reinforced (ACSR); and
- Aluminium Binding Wires.

STEEL FABRICATION

We are one of the leading fabricators in Sarawak and our products includes low-tension/high-tension distribution steel poles, street lighting column and highway guardrails, structural steel, tower/poles, steel bridges, galvanising services and all related accessories for distribution of steel poles.

Hot-Dip Galvanising

We are one of the established hot-dip galvanisers in Sarawak and have the capability to galvanise steel structures range from a kettle size of 10 metres (length) x 1.5 metres (width) x 2.5 metres (depth) to large steel sections of up to 17 metres in length.



INSTALLATION AND COMMISSIONING OF TRANSMISSION LINES PROJECTS

We also undertake design, supply, installation and commissioning of transmission line projects.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I have great pleasure to present the Annual Report of Sarawak Cable Berhad ("Sarawak Cable" or "the Group") for the financial year ended 31 December 2012.

2012 was an exciting year with many challenges in relation to the Group's business and corporate activities. The Group has continued to seek for growth in related business by acquisitions of the remaining 25% equity interest in Sarwaja Timur Sdn. Bhd., ("STSB") a steel fabrication and hot-dip galvanising company. The Group had also acquired 100% equity interest in Trenergy Infrastructure Sdn. Bhd., ("TISB") a company undertaking in construction and erection of transmission towers. The Group had also moved across boarder to acquire 65% equity interest in PT. Inpola Mitra Elektrindo, a company involving in the construction of a mini-hydro power plant in Indonesia.

FINANCIAL PERFORMANCE

Overall Results

The Group recorded a drop in revenue of 27% from RM368.3 million in 2011 to RM268.6 million in the financial year under review. The profit attributable to shareholders was down from RM15.6 million in 2011 to RM5.9 million in 2012.

Despite the lower revenue and profit registered by the Group, the net assets value per share had increased from 89 sen per share in 2011 to 97 sen in 2012. Similarly, the shareholders' funds of the Group had increased from RM119.8 million in 2011 to RM151.2 million in 2012. The enlarged Group had resulted an increase in net assets value per share and shareholders' funds.

Contribution to Results

The Group's revenue of RM268.6 million was contributed by the following business segments:

- Power cables and conductors contributed 35% (2011: 34%);
- Fabricated and galvanised steel products contributed 22% (2011: 15%); and
- Projects contributed 43% (2011: 51%).

Dividends

With a view to rewarding shareholders for their continued support, Sarawak Cable will continue to adopt a consistent dividend policy. The dividends payout in the past few years are as follows:

Year	2009	2010	2011	2012	Total
Final single tier dividends	2.5 sen	3.0 sen	5.0 sen	2.5 sen	13.0 sen
Dividend payout ratio (total shown is average %)	33%	63%	43%	58%	49%
Total dividend payout (in RM'000)	2,675	4,050	6,750	3,375	16,850

The Board of Directors had recommended for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 2.5 sen (2011: 5.0 sen) per ordinary share in respect of the financial year ended 31 December 2012.

CORPORATE GOVERNANCE

The Board is committed to uphold and implementing highest standards of corporate governance and best practices to maintain the Group's image as a reputable public listed company.

CORPORATE SOCIAL RESPONSIBILITY

Sarawak Cable will continue to strive to be an ethical and responsible corporate citizen. During the year under review, the Group has donated about RM100,000 to various non-profitable organisations and had also participated in a number of charitable activities such as big walk, trees planting and other community events. The Management had committed to put in efforts and valuable time in attending and providing valuable and practical information to many under graduate and post graduate students from various universities in Malaysia in their survey, thesis writing and research and development projects. Further details are outlined on page 17 to 19 of this Annual Report.

PROSPECTS AND OUTLOOK

The Group's current three main business segments, namely, manufacturing of power cables and conductors, steel fabricated products and contract revenue had fit in well to complement in each business segment as a total solution provider for power.

Power cables and conductors segment is able to generate very consistent revenue through its wide customer base in Sarawak and Sabah whereas fabrication of steel products has also generated good results from project related works. The contract revenue segment similarly contributed good revenue in this year. The order book of the Group stood at RM209 million as at 31 March 2013 and it will turn into revenue in these two financial years ending 31 December 2014. In addition of the Groups' existing order book, we anticipate that with the well fit business segments in total solutions provider for power, the Group would be able to contribute reasonably good results in 2013 and the years to come.

APPRECIATION

On behalf of the Board of Directors, I wish to extend our appreciation to our shareholders and customers who have continued to support us and to give us the confidence to work hard to meet their expectations.

The regulatory and government authorities have always been helpful in assisting Sarawak Cable at many levels and I take this opportunity to express our appreciation.

I wish to thank my fellow Board members for their confidence and support. I would also like to congratulate the Senior Management and all employees of the Group for their dedication, efforts and commitment that have contributed to the Group's success.

Dato Sri Mahmud Abu Bekir Taib
Chairman

MESSAGE FROM

GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

Dear Shareholders,

FY2012 was marked a very challenging year for the Company, Sarawak Cable Berhad after its listing on the Main Board of Bursa Malaysia Securities Berhad on 25 May 2010.

In view of the Group's strategic expansion into a one-stop manufacturing base and integrated solutions of power provider, the Company had successfully completed three major acquisitions during the financial year under review as summarised below:

- Acquisition of 65% equity interest of PT. Inpola Mitra Elektrindo ("IME") for a cash consideration of RM5.4 million.
- Acquisition of 100% equity interest of Trenergy Infrastructure Sdn Bhd ("TISB") for a cash consideration of RM65.0 million.
- Acquisition of the remaining balance of 25% equity interest in Sarwaja Timur Sdn Bhd ("STSB") from its non-controlling interest for a cash consideration of RM11.3 million.

KEY FINANCIAL HIGHLIGHTS

The key financial results in FY2012 as compared to FY2011 are summarised as follows:

- Revenue of RM268.6 million, a decrease of RM99.7 million or 27.1%
- Net profit of RM5.9 million, a decrease of RM9.6 million or 61.8%
- Shareholders' equity of RM151.2 million, an increase of RM18.4 million or 13.9%
- Net assets per share of RM0.97, an increase of RM0.08 or 9.0%

During the year under review, the segmental sales, namely manufacturing of power cables and conductors segment together with fabrication of steel poles, towers and galvanised steel structures and construction of transmission lines segments had decreased due to the delay in the award on some of the major projects.

The acquisition of new subsidiary, TISB has completed on 3 August 2012 had contributed about 43% of its revenue and profits to the Group.

BUSINESS STRATEGY

The Group's had strategised its business units into three main business segments and each segment had contributed positively to the Group's bottom line. With the dedication of operations head taking charge of each business unit, each segmental business has been better aligned and operated with maximum ef ciency to enhance growth potential in revenue and profitability.

CONTINUING EXPANSION

Following the completion of the major acquisitions on three main segments of business in 2012, the Group was able to expand its business into the steel fabrication and galvanised products in STSB and undertaking of turnkey transmission line projects in TISB.

With the acquisition of IME, the Group is in the process of kicking off the commencement of ground work. It is expected that the construction work of a mini-hydro power plant in North Sumatra, Indonesia would commence in August 2013 and expected to complete in 2015. Upon completion and commissioning of the mini-hydro plant, the on-going billing of electricity to PT. Perusahaan Listrik Negara Persero ("PLN") via its 20 years' Power Purchase Agreement ("PPA") with renewable concession awarded to IME would help to generate revenue and contribute positively to the Group's bottom line.

In tandem with the Group's continuing expansion, Sarawak Cable has become a key player in building Malaysia's energy-transmission grid. The diversified Group manufactures and trades on all types of low-voltage power cables and wires, high-voltage conductors, steel poles, highway guardrails, transmission towers, hot-dip galvanising services and related products. Sarawak Cable also provides design, engineering, procurement and implementing of power transmission infrastructure network. Sarawak Cable is committed to grow and add value to its stakeholders and will become a dynamic provider of total power solutions.

PROSPECTS AND OUTLOOK

The enlarged Group will be able to capitalise on the Government of Malaysia and the State Government of Sarawak's initiatives and development plans for the power transmission industry.

The enlarged Group is optimistic on the growing opportunities made available in the development of The Sarawak Corridor of Renewable Energy ("SCORE") which is one of the five regional development corridors being developed throughout the country. SCORE is a major initiative undertaken to develop the Central Region of Sarawak and transform Sarawak into a developed state by 2020. It aims to achieve the goals of accelerating the State of Sarawak's economic growth and development, as well as improving the quality of life for the people of Sarawak.

The Government has increased its focus on development of rural areas in Malaysia, particularly in Sarawak, by the implementation of rural electrification scheme and also promoting the investment in heavy industries. Both of the growth sectors will expand the requirement for electricity generation and power distribution capacity, thereby increasing the demand of electricity supply that will translate into a continuous and strong demand for power cables and conductors, and steel products and transmission lines. This fits well to our Group's business, which operates in the cable and steel fabrication industry as well as turnkey contractor in power transmission line business.

I strongly believe that with our core business extended to the three business segments in manufacturing of cables and conductors, steel fabrication and galvanising and contract revenue would greatly enhance the Group's revenue and profit in the coming financial year.

ACKNOWLEDGEMENT

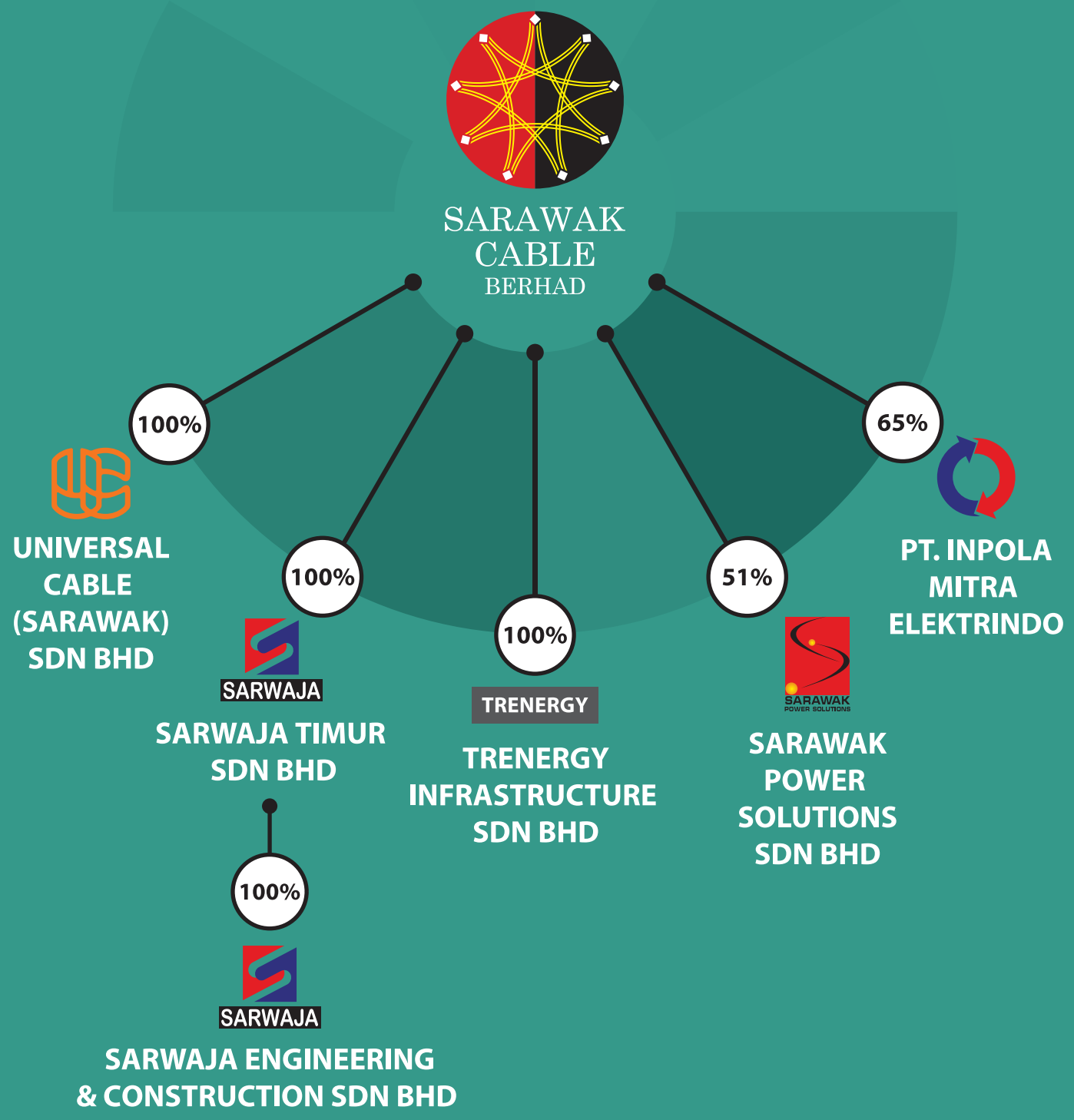
I wish to express my sincere appreciation for the continued support from our valued shareholders, customers, suppliers, bankers and business partners.

I wish to thank my fellow members of the Board for their wise counsel and invaluable support at all times.

I also like to express my gratitude to the Management and all employees of the Group for their commitment, dedication and hard work that have contributed to the Group's progress and success.

Toh Chee Ching
Group Managing Director/ Chief Executive Officer

GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato Sri Mahmud Abu Bekir Taib
- *Non-Independent Non-Executive Chairman*

Datuk Fong Joo Chung
- *Non-Independent Non-Executive Deputy Chairman*

Toh Chee Ching
- *Group Managing Director / Chief Executive Officer*

Dato' Seri H'ng Bok San @ H'ng Ah Ba
- *Non-Independent Non-Executive Director*

Yek Siew Liong
- *Non-Independent Non-Executive Director*

Kevin How Kow
- *Independent Non-Executive Director*

Dato' Ahmad Redza bin Abdullah
- *Independent Non-Executive Director*

Erman bin Radin
- *Independent Non-Executive Director*

Kon Ted Liuk
- *Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba*

SECRETARIES

Chai Chin Foh [MIA 25916]
Voon Jan Moi [MAICSA 7021367]

AUDITORS

Ernst & Young

SOLICITORS

Reddi & Co. Advocates
S. K. Ling & Co Advocates

PRINCIPAL BANKERS

AmBank Berhad
RHB Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Maybank Berhad
CIMB Bank Berhad

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
(Company No. 378993-D)

Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A / 46
47301 Petaling Jaya
Selangor
Tel No : 603-7841 8000
Fax No : 603-7841 8008
www.symphony.com.my

REGISTERED & CORPORATE OFFICE

Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak
Tel No : 082-433111
Fax No : 082-433311

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: SCABLE
Stock Code: 5170

PROFILE OF DIRECTORS

Dato Sri Mahmud Abu Bekir Taib

Dato Sri Mahmud Abu Bekir Taib, Malaysian, aged 49 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Chairman on 9 September 2009.

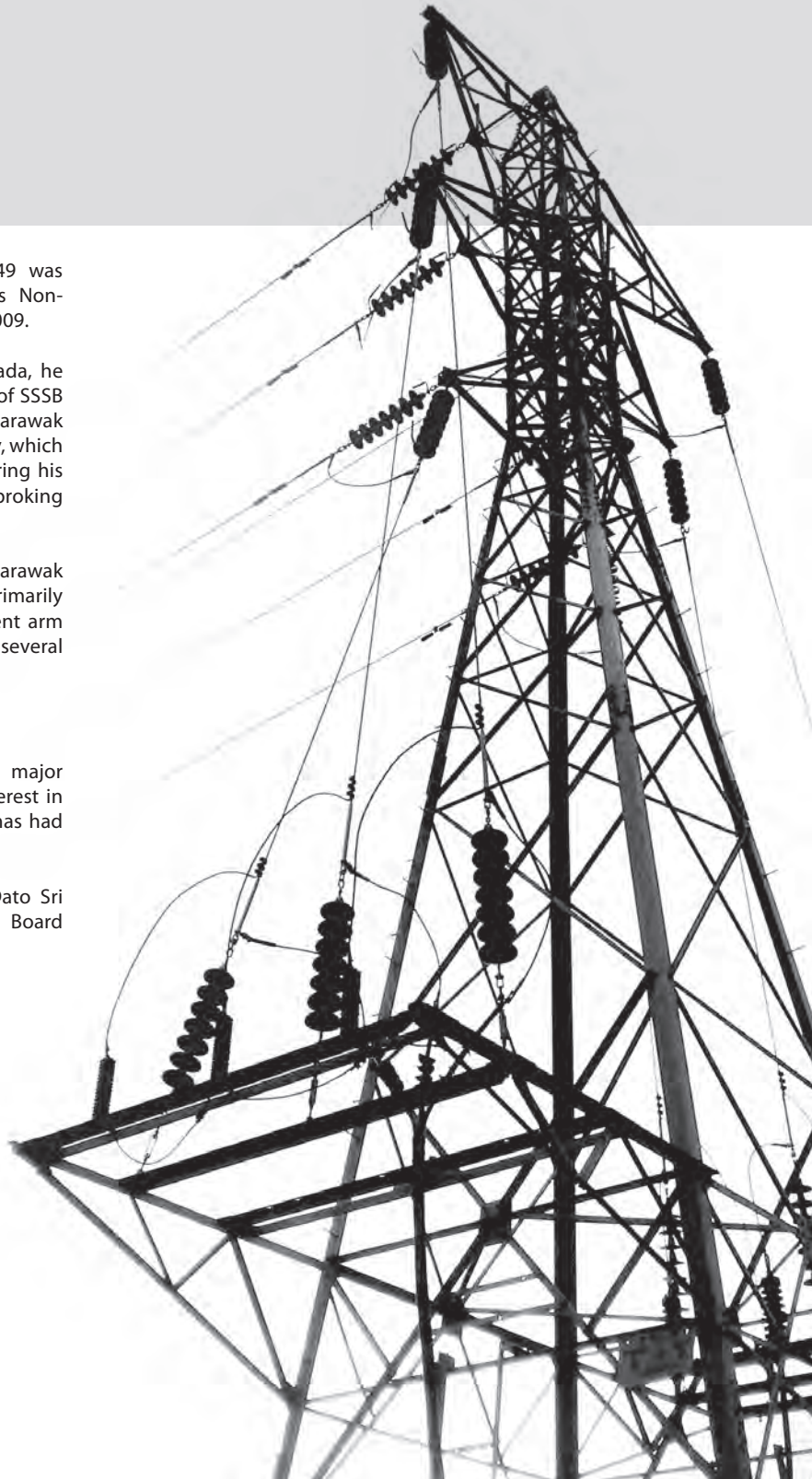
Having pursued his tertiary education in USA and Canada, he started his career as the founding member and Director of SSSB Management Services Sdn Bhd (formerly known as Sarawak Securities Sdn Bhd), Sarawak's first stock-broking company, which is now merged with K&N Kenanga Holdings Berhad. During his tenure, he acquired extensive experience in the stock-broking and corporate sectors.

He is currently the Deputy Group Chairman of Cahya Mata Sarawak Berhad ("CMS") and a major shareholder of CMS. He is primarily responsible for overseeing the infrastructure development arm of the CMS group of companies and sits on the board of several key subsidiaries companies of CMS.

He is also a director of several other private companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Dato Sri Mahmud Abu Bekir Taib has attended all the six (6) Board Meetings held.



PROFILE OF DIRECTORS

Datuk Fong Joo Chung

Datuk Fong Joo Chung, Malaysian, aged 63 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Deputy Chairman on 9 September 2009. He is also the Chairman for both the Remuneration Committee and Nomination Committee.

He obtained a Bachelor of Law degree (LLB) with honours from the University of Bristol, United Kingdom in June 1971. He was called to the English Bar by the Honourable Society of Lincoln's Inn, United Kingdom in November 1981.

He began his professional career as an advocate in Reddi & Co. Advocates, one (1) of the leading law firms in Kuching, Sarawak in 1971 before being appointed as the State Attorney-General of Sarawak in August 1992. His service as the State Attorney-General of Sarawak ended on 31 December 2007 but he has been retained by the State Government of Sarawak in an advisory capacity and represented the State Government of Sarawak in Court as State Legal Counsel.

In 1996, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bh), our wholly-owned subsidiary.

He is currently the Non-Independent Non-Executive Director of Sarawak Energy Berhad, Independent Non-Executive Director of Encorp Berhad, Non-Independent Non-Executive Director of Bintulu Port Holdings Berhad and Independent Non-Executive Director of Lingui Development Berhad. He presently sits on the Board of several other private limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. Hd has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Datuk Fong Joo Chung has attended all the six (6) Board Meetings held.

Toh Chee Ching

Toh Chee Ching, Malaysian, aged 51 was appointed to the Board of Sarawak Cable Berhad as Chief Executive Officer on 1 October 2008 and Group Managing Director on 9 September 2009.

He first graduated with a Bachelor of Science degree from Campbell University, USA in 1986. He subsequently obtained a Master of Business Administration (majoring in Finance) degree from the Oklahama City University, USA, in 1988.

He began his professional career in 1989 when he joined Sonic Corporation in USA and in 1990, he joined Tien Ren Securities Corporation in Taiwan as a Research Analyst and was involved in the establishment of Tien Ren Securities Group in Taiwan. In 1991, he joined Hock Hua Bank Berhad (now part of Public Bank Berhad) and in 1992, he joined Sarawak Securities Sdn Bhd (currently known as K&N Kenanga Holdings Berhad) as the Head of Research and Development where he was leading a team of research analysts and supporting the Corporate Dealing Department.

In 2000, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bhd ("UCS"), our wholly-owned subsidiary and subsequently appointed to the Executive Committee of UCS on 25 June 2001 and in 2009, he was appointed as UCS's Managing Director.

As our Group Managing Director/Chief Executive Officer and with more than 20 years working experience in the finance and financial advisory industry, he is primarily responsible for the entire operations and management, strategic and marketing directions, as well as business expansion and development of our Group.

He presently sits on the board of several other private limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Toh Chee Ching has attended all the six (6) Board Meetings held.

PROFILE OF DIRECTORS

Dato' Seri H'ng Bok San

Dato' Seri H'ng Bok San, Malaysian, aged 73 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Director on 9 September 2009. He is a member of the Remuneration Committee.

He attended courses in Business Administration and Accounting in Singapore. He began his career as a marketing representative for an international trading company in Penang, Malaysia before joining a Taiwanese cable manufacturing company in Singapore where he was in charge of the Singaporean and Malaysian markets.

Three years later, he returned to Malaysia to help in the setting up of Federal Cables Wire and Metal Manufacturing Berhad and was subsequently promoted to the position of Deputy General Manager and held this position for five years.

In 1976, he founded Leader Cable Industry Berhad ("LCIB") and implemented a restructuring and merger exercise between LCIB and Universal Cable (M) Berhad and established Leader Universal Holdings Berhad ("LEADER") as the holding company which was formerly listed on Bursa Malaysia Securities Berhad.

He is currently the Group Executivey Chairman of Leader Group, a member of HNG Capital Sdn Bhd.. To date, he has over forty years of experience in the manufacturing and marketing of power and telecommunication cables.

In 1990, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bhd, our wholly-owned subsidiary.

He also sits on the board of several private companies and is also the Executive Chairman of GUH Holdings Berhad, a public listed company.

He has no relationship with other directors and major shareholders of the Company ane has no conflict of interest in any business arrangement involving the Company. Hd has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Dato' Seri H'ng Bok San has attended all the six (6) Board Meetings held.

Yek Siew Liong

Yek Siew Liong, Malaysian, aged 53 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Director on 9 September 2009. He is also a member of the Remuneration Committee.

He first obtained a Bachelor of Art (Honours) degree in Architecture and Environmental Design from the University of Nottingham, United Kingdom in 1983. He subsequently obtained a Bachelor of Architecture (Honours) degree from the University of Nottingham, England in 1986. He also obtained a Master of Business Administration degree from University of Aston in Birmingham, United Kingdom in 1988. He is currently a member of The Malaysian Institute of Chartered Secretaries and Administrators and the Institute of Approved Company Secretaries.

In 2005, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bhd, our wholly-owned subsidiary.

He has many years of experience in timber trading, logging, tug boat and barge operations, timber and glue manufacturing, hospitality industry, property development and management, oil palm plantation and petrol station operations.

He is currently the Non-Independent Non-Executive Director of Latitude Tree Holdings Berhad, and a director in Hock Lee Asia Berhad, Hock Lee Resources Berhad and Cinacom Bintulu Berhad.

He is also a director of several other private companies.

He has no relationship with other directors and major shareholders of the Company ane has no conflict of interest in any business arrangement involving the Company. Hd has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Yek Siew Liong has attended all the six (6) Board Meetings held.

PROFILE OF DIRECTORS

Kevin How Kow

Kevin How Kow, Malaysian, aged 64 was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is also the Chairman of the Audit Committee and member of the Nomination Committee.

He is a Fellow of the Institute of Chartered Accountants of England & Wales and the Institute of Certified Public Accountants in Singapore. He is a member of the Malaysian Institute of Accountant and the Malaysian Institute of Certified Public Accountants. He was made a partner of Ernst & Young, Malaysia in 1984 and served as Partner-in-charge of offices in Sabah and Sarawak.

From 1996 onwards, he was Partner-in-charge of the firm's practice in Sabah and Labuan until his retirement at the end of 2003.

His directorships in public companies include Cahya Mata Sarawak Berhad ("CMS"), K&N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad, Sabah Development Bank Berhad and Saham Sabah Berhad. He is also an Independent Non-Executive Director and Chairman of the Group Audit Committee of CMS.

He also sits on the board of several private and public limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Kevin How Kow has attended all the six (6) Board Meetings held.

Dato' Ahmad Redza bin Abdullah

Dato' Ahmad Redza bin Abdullah, Malaysian, aged 49 was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is a member of the Audit Committee and Nomination Committee.

He first graduated with a Bachelor of Law degree (LLB) with Honours from the University of London, United Kingdom, in 1987. He subsequently obtained his Certificate in Legal Practice from University of Malaya in 1988.

In 1989, he was admitted to the High Court of Malaya. Currently, he is the Deputy Managing Partner of Messrs. Shahrizat Rashid & Lee and Head of Litigation and Dispute Resolution. He has extensive experience in civil and commercial litigation and is primarily involved in the field of defamation, arbitration and debt recovery for financial institutions. He also handles work in relation to labour and employment law, probate and matrimonial matters. He has also acted as counsel for various legal firms in his area of expertise.

Currently, he sits on the board of several private limited companies in Malaysia.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Dato' Ahmad Redza bin Abdullah has attended five (5) out of six (6) Board Meetings held.

PROFILE OF DIRECTORS

Erman bin Radin

Erman bin Radin, Malaysian, aged 35 was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is a member of the Audit Committee.

He first graduated from the Japan Technical Research Preparation Centre in Universiti Teknologi Malaysia, Kuala Lumpur in 1997. He subsequently obtained an Associate Degree majoring in Information Engineering and Computer Science from the Takuma National College of Technology in Japan in March 2000.

He began his professional career as an Information Technology Engineer in Taiyo Yuden (Sarawak) Sdn Bhd and subsequently joined oil and gas company in Brunei Darussalam named Amrtur Corporation Sdn Bhd, as an Information Technology and Data Manager in 2008. He is primarily responsible for the development and implementation of all information technology facilities covering hardware, software and services.

He presently sits on the board of a private limited company.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Erman bin Radin has attended all the six (6) Board Meetings held.

Kon Ted Liuk

Kon Ted Liuk, Malaysian, aged 58 was appointed to the Board of Sarawak Cable Berhad as alternate Director to Dato' Seri H'ng Bok San@ H'ng Ah Ba on 15 October 2009.

He is currently a Fellow Member of the Institute of Chartered Accountants in Australia and the Malaysian Institute of Chartered Secretaries and Administrators.

In 2001, he was appointed to the Executive Committee of Universal Cable (Sarawak) Sdn Bhd ("UCS"), our wholly-owned subsidiary and subsequently in 2004, he was appointed as the Non-Executive Director of UCS.

He is currently the Senior Managing Director, metal division of the Leader group, a member of HNG Capital Sdn Bhd. He has been with the Leader group of companies for the past 30 years and has extensive experience and knowledge of the cables and wires industry.

He also sits on the board of several private and public limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

During the financial year ended 31 December 2012, Kon Ted Liuk has attended five (5) out of the six (6) Board Meetings held.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company and of the financial performance and the cash flows of the Group and the Company for the financial year.

As required by the Act and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable Financial Reporting Standards, in Malaysia, the provisions of the Act and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors consider that in preparing the financial statements for the year ended 31 December 2012 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates.

The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 April 2013.

ACHIEVEMENTS AND MILESTONES

Major achievements and milestones of Sarawak Cable:

Year	Achievements and Milestones
1980	• Incorporation of Universal Cable (Sarawak) Sdn Bhd. • Commenced business initially in the trading of power cables and wires.
1982	• Commenced manufacturing of low voltage single core power cables and wires from our manufacturing plant in Pending, Kuching, Sarawak.
1991	• Commenced manufacturing of low voltage multicore power cables and wires. • Obtained product certification licence MS 136:1987 for "PVC Insulated Cables (non-armoured) for Electricity Power and Lighting" from SIRIM.
1999	• Obtained MS ISO 9002:1994 Quality Management System from SIRIM.
2002	• Obtained product certification licence MS 274:1995 for "PVC Insulated Cables for Electricity Supply" from SIRIM. • Upgraded product certification licence MS 136:1987 to MS 136:1995 for "PVC Insulated Cable (non-armoured) for Electric Power and Lighting" from SIRIM. • Awarded turnkey projects for the supply, installation and commissioning of cables and circuits, namely: - "Double circuit 48MVA 33kV systems from Salim 132kV substation to Alan Road 33kV substation Sibu"; - "33kV underground cable linking Sejingkat 132kV to Sejingkat substation and Port Senari substation"; and - "Cable laying works from 33kV Astana substation to Santubong".
2003	• Obtained MS ISO 9001:2000 Quality Management System from SIRIM. • Awarded a turnkey project for the supply, installation and commissioning of cables and circuits, namely the "Turnkey underground cable laying project from Matang 275/132/33kV substation to Semariang new township 33/11kV substation".
2006	• Awarded a turnkey project for the supply, installation and commissioning of cables and circuits, namely the "Supply and installation of submarine cables for Simunjan and Igan".
2007	• Commenced operations in our new manufacturing plant in Demak Laut Industrial Estate Phase III, Kuching, Sarawak and commenced manufacturing of high voltage bare conductors, namely AAAC.
2008	• Commenced operations in our new branch office and warehouse in Kota Kinabalu, Sabah. • Commenced manufacturing of ACSR. • Awarded a turnkey project for supply, installation and laying of submarine fibre optic cables across the Baram River at Marudi, Sarawak.
2009	• Obtained MS ISO 9001:2008 Quality Management System from SIRIM. • Official opening of manufacturing plant and administration building in Demak Laut Industrial Estate Phase III, Kuching, Sarawak.
2010	• Successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 25 May 2010. • Sarawak Cable successfully acquired 75% equity interests in Sarwaja Timur Sdn Bhd ("Sarwaja Timur"). • Sarawak Cable Berhad ("Sarawak Cable") undertook a private placement of up to 5,000,000 ordinary shares, representing up to 4% of the issued and paid-up share capital of Sarawak Cable to identified institutional investors. All of the 5,000,000 ordinary shares were successfully placed out and fully subscribed at an issue price of RM1.20 per share. • Awarded a turnkey project for the design, supply, delivery, erection and commission of 275kV Murum to Murum Junction Transmission Line. • Acquired 75% equity interest in Sarwaja Timur.
2011	• Signed a Share Sale Agreement to acquire 65% equity interest in Trenergy Infrastructure Sdn Bhd ("Trenergy") and the remaining 25% equity interest in Sarwaja Timur, not already owned by Sarawak Cable. • Signed a Conditional Sales and Purchase Agreement to acquire 65% equity interest in Pt. Inpola Mitra Elektrindo ("PT Inpola").
2012	• Completed acquisition of 65% equity interest in PT Inpola. • Completed acquisition of 25% of the remaining equity interest in Sarwaja Timur not already owned by Sarawak Cable. • Completed acquisition of 100% equity interest in Trenergy.
2013	• Obtained Occupational Safety & Health Management System Certification, OHSAS 18001:2007.

A CORPORATE CITIZEN'S JOURNEY OF LOVE

- A Report on SCB's Corporate Social Responsibilities ("CSR") Activities

WITH LOVE, WE CARE

As the Group grew in size, so was its burning desire to give back more to its stakeholders and the community in general. All in all, close to RM100 thousand was set aside for charitable purposes in order to further uphold its noble CSR theme- "With Love, We Care." General public, charitable organisations, religious bodies and its own employees became witness to its act of kindness over the years.

Non-monetary contributions such as community service, environmental and health awareness programme participation were once again among the important agendas of the CSR Committee and the employees of SCB Group during the year.

SPECIAL NEEDS AND UNDERPRIVILEGED CHILDREN

Various financial and material contributions were made to the Lembaga Kebajikan Anak-anak Yatim Sarawak ("Peryatim"), Kuching Autistic Association ("KAA") and the Dyslexia Association of Sarawak in 2012. The donation was a proof of the Group's endless desire to lend a role in improving the quality of lives of those children requiring special education, healthcare and social needs.

The Group responded kindly to KAA's plea to contribute for the construction of the association's new Educational and Vocation Training Centre-cum-Group Home at Desa Wira, near Kuching- donating the much-needed building cables for the electrical works.

In August, the underprivileged children of Peryatim was also being allocated a sum of RM30 thousand for the construction of Kompleks Kebajikan Anak-anak Yatim in Bintulu. The new complex will be used to house and to provide education for the orphans especially from Bintulu area.

SAVING LIFE, INDIRECTLY

The Sarawak Heart Foundation and the Sarawak Blood Donors Society were among the recipients of some cash contribution from the Group during the year. The Sarawak Heart Foundation ("SHF") is a non-profit organisation that provides financial assistance to heart patients who are genuinely poor for operations and treatments as well as purchasing and donation of specialised medical equipment to hospitals. The Group has been a regular supporter of the foundation for a number of years now.

Meanwhile, the Sarawak Blood Donors Society is actively involved in blood donation drive together with other societies such as the Red Crescent Society.

The financial contribution by the Group will provide some assistance to both associations to carry out their intended activities, especially in saving lives of thousands of heart patients and the replenishment of hospitals' blood banks throughout the state.

GIVING MOTHER NATURE A SECOND CHANCE

In conjunction with Kuching North City Commission's Arbor Day celebration on 3rd March 2012, several volunteers from the Group took part in planting trees along Jalan Bako, Kuching. Arbor Day was initiated by J. Sterling Morton of Nebraska in 1872 and is celebrated worldwide through tree planting and tree caring activities. More importantly, this will ensure that Kuching will stay green with plenty of fresh breath of clean air at all corners of the City.

Members of Sarawak Cable Berhad ("SCB") Group are also being regularly reminded to consciously minimise the use of water, electricity and its office consumables. Electronic communication is encouraged in an effort to reduce the use of papers, while recycling and strict waste control continued to gather pace at all work stations.

COMMUNITY WORK

A 'gotong royong' work was carried out at Rumah Seri Kenangan, Kuching in June- a first of such community service taken up by the SCB's CSR team. Some 20 enthusiastic employees volunteered to carry out cleaning exercise at the welfare home for the elderly located just outside of Kuching City. Rumah Seri Kenangan is one of the many charitable institutions under the State's Welfare Department and is currently providing care and shelter for more than 80 residents aged 55 and above. Apparently, the activity gave the volunteers so much fun and personal satisfaction, they promised to return the following year.

DOING MORE FOR OUR FOUR-LEGGED FRIENDS

When a small group of our employees set up a food stall to raise funds for the Sarawak Society for the Prevention of Cruelty to Animals ("SSPCA") in 2011, it opened the door for more aspiring involvements by the Management and other members of the Group in 2012. Notably, a cash donation amounting to RM10,000 was given to SSPCA to assist the Centre in providing and caring for the ever-growing number of rescued animals at the shelter.

It did not stop there, with a handful of employees continued to support the Centre through participation in pet adoption campaign, donating items and personal stuff and through volunteering work during their spare times. It was indeed a pleasure knowing our efforts, small as it may seems, was integral in giving our unwanted and abandoned four-legged friends a new lease of life.

SCB AS A CARING EMPLOYER

With the addition of Trenergy Infrastructure Sdn Bhd, the Group now has about 400 employees on its payroll. While it is challenging managing 400 heads compared to a little over 100 when it first started 3 years ago, it does little to distract the Management's focus to provide the best for its employees. Continuous efforts are made to ensure that wages and salaries offered to the staff are at least on par with market standard, if not better. The Government's minimum wage requirement was instantly complied with, and based on record, most employees were already earning above the minimum requirement even before the new ruling took effect!

Employees' welfares are generously taken care of through provision of healthcare benefits and individual companies' Welfare Funds. Those who hit hard times regularly find their burden and misery being shared by the Company and their colleague in the form of generous donation. Long-service awards and education incentives were given out to deserving employees on annual basis.

Towards the end of 2012, Universal Cable (Sarawak) Sdn Bhd embarked on its journey in getting OHSAS 18001:2007 (Occupational Safety and Health Management System) certification to ensure that its employees and those who came in contact with its daily operation are protected from accident, health hazard and other untoward incidences. The Company was successfully certified on 18 February 2013.

The Group's human resource and remuneration system not only rewards high achievers, it sees great potential in every employee and does not hesitate in developing it, at all costs.

ENCOURAGEMENT GIVEN TO UNDERGRADUATE AND POST GRADUATE UNIVERSITY STUDENTS

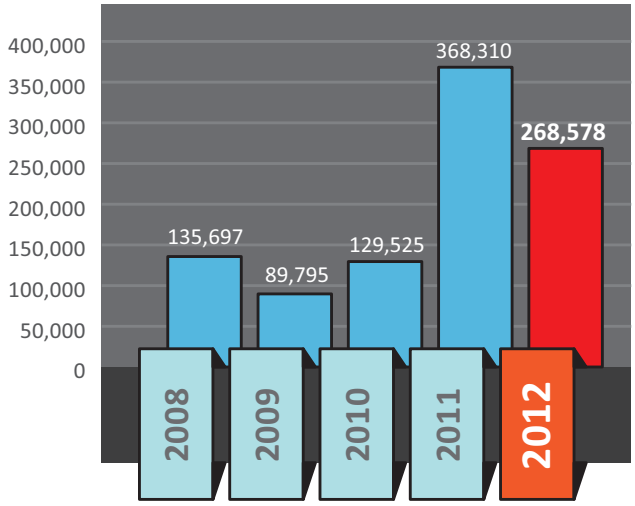
SCB had promptly responded to the university students' on their surveys, thesis writing and their research and development programme from various universities in Malaysia, namely University of Malaya, Universiti Sains Malaysia, Universiti Utara Malaysia, Universiti Technology Mara and University Putra Malaysia.

OUR PROMISE

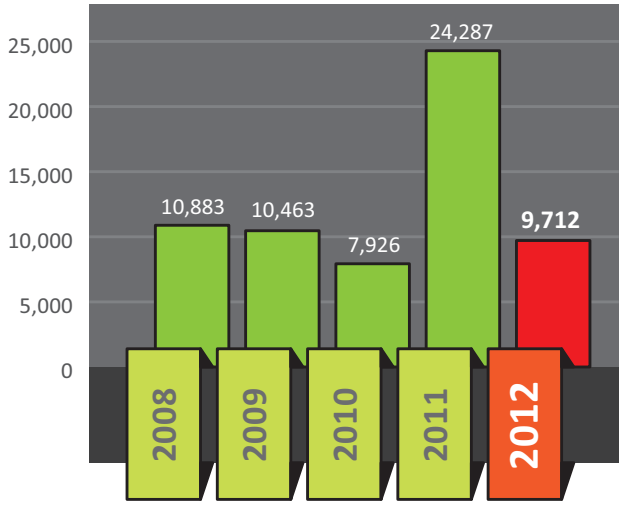
A responsible corporate citizen does not seek tremendous publicity out of every good deeds, as such our Group went quietly and sincerely about its public contributions. And while our contribution is comparatively modest in term of its financial value, we take pride in having been able to deliver it with great feelings of selflessness, over and over again. The next target of our CSR activities is rural communities, where we expect our ever-growing operations will once again take us deep into their world. We hope to be able to do our part in improving the livelihood of these people, while continue to provide employment opportunities, support environmental conservation efforts and constantly mindful of our stakeholders' interests and welfare.

FINANCIAL REVIEW

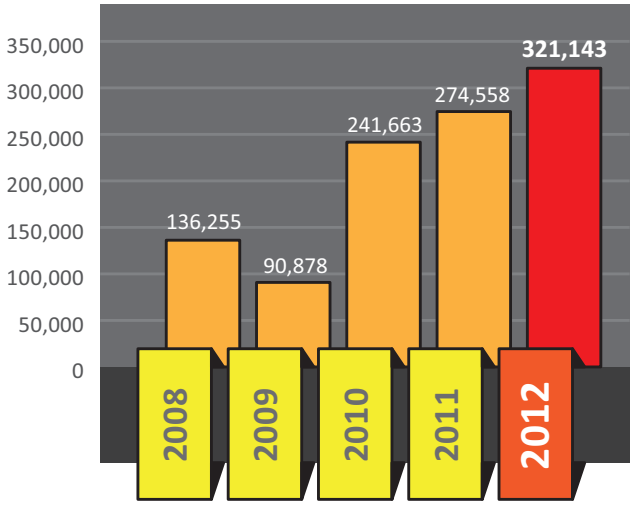
REVENUE
(RM'000)



PROFIT BEFORE TAXATION
(RM'000)



TOTAL ASSETS EMPLOYED
(RM'000)



AUDIT COMMITTEE REPORT

Composition

The Audit Committee ("the Committee") which was established on 16 October 2009 comprises the following members:

Kevin How Kow – Chairman
(Independent Non-Executive Director)

Dato' Ahmad Redza bin Abdullah – Member
(Independent Non-Executive Director)

Erman bin Radin - Member
(Independent Non-Executive Director)

Terms of Reference of the Committee

Constitution

The Board of Directors ("Board") shall ensure that the composition and functions of the Committee comply as far as possible with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as other regulatory requirements.

Membership

1. The members of the Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all being non-executive and the majority of whom are independent directors. No alternate director shall be appointed as a member of the Committee.

2. At least one (1) member of the Committee:
   (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
   (ii) must have at least three (3) years' working experience if he is not a member of MIA and:
      (a) must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
      (b) must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or;
   (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

3. If membership of the Committee for any reason falls below three (3) members, the Board shall within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.

4. The Chairman of the Committee must be elected from amongst themselves who is an independent director appointed by the Board.

Objectives of the Committee

1. To enhance openness, integrity and accountability in the activities of the Group and the Company so as to safeguard the rights and interests of the shareholders.
2. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.
3. To enhance the Group's and the Company's business effectiveness and efficiency, quality of the accounting and audit functions and strengthen the public's confidence in the reported results of the Group and the Company.
4. To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the internal and external auditors.
5. To enhance the independence of the internal audit functions.

Functions of the Committee

1. To consider the nomination, appointment, re-appointment, resignation and dismissal of external auditors, the auditors' remuneration and any questions of resignation or dismissal.
2. To consider whether there is reason to believe that the external auditors of the Company and the Group are not suitable for re-appointment.
3. To review the nature and scope of audit plans prepared by the internal and external auditors before the audit commence, and ensure co-ordination where more than one (1) audit firm is involved.
4. To review the audit reports prepared by the external auditors, the major findings and the Management's responses thereto.
5. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to bring up.
6. To review the quarterly and annual financial statements of the Company and the Group primarily focusing on the matters set out below, before submission to the Board for approval:
   - any changes in or implementation of major accounting policies and practices, where applicable;
   - significant and unusual events;
   - significant adjustments arising from the audit;
   - the going concern assumption; and
   - compliance with accounting standards and other regulatory/legal requirements.

❖ To consider the internal audit reports, major findings and the Management's responses thereto on any internal investigations carried out by the internal auditors and ensure that appropriate action is taken by the Management in respect of the audit observations and the Committee's recommendations.
❖ To review the auditors' evaluation of the systems of internal controls.
❖ To review the adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work.
❖ To review any appraisal or assessment of the performance of the members of the internal audit function.
❖ To approve any appointment or termination of senior staff members of the internal audit function.
❖ To be informed of any resignation of the internal audit staff members and to provide the resigning staff member an opportunity to submit his or her reasons for resigning.
❖ To review the assistance given by the Company and the Group's employees to the internal and external auditors.
❖ To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of the Management integrity.
❖ To perform such other functions as may be agreed to by the Committee and the Board.

Authority of the Committee

The Committee is authorized by the Board to:

❖ investigate any activity/matter within its terms of reference and shall have unrestricted access to all employees of the Company and the Group;
❖ have the resources in order to perform its duties as set out in its terms of reference;
❖ have full and unrestricted access to any information pertaining to the Company and the Group;
❖ have direct communication channels with the internal and external auditors;
❖ obtain external legal or other independent professional advice as necessary; and
❖ convene meetings with the internal auditors, external auditors or both, excluding the attendance of the other Directors and employees of the Company and the Group.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

Quorum, Meetings and Minutes

- A quorum shall consist of a majority of independent directors and shall not be less than two (2) independent directors.
- The Committee shall hold at least four (4) meetings a year.
- Additional meeting may be held as and when necessary, upon request by any Committee member, the Management, internal or external auditors. The Internal Audit Manager and the Group Financial Controller are normally invited to attend the meetings. Other members of the Board, employees and representative of external auditors shall attend the meetings upon the invitation of the Committee.
- A resolution in writing signed by all Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member.
- The Committee shall meet with the external auditors, excluding the attendance of other Directors and employees of the Company and the Group, at least twice a year.
- The Secretary to the Committee shall be any one (1) of the joint company secretaries.
- Minutes of meetings shall be kept and distributed to each member of the Committee and the Board. The Chairman of the Committee shall report on each meeting to the Board.

Meetings in 2012

During the year under review, six (6) meetings were held and the attendance was as follows:

Independent Non-Executive Directors	Attendance
Kevin How Kow - Chairman	6/6
Dato' Ahmad Redza bin Abdullah – Member	5/6
Erman bin Radin – Member	6/6

The Committee held six (6) meetings with the external auditors on 20 February 2012, 21 April 2012, 21 May 2012, 27 July 2012, 24 August 2012 and 29 November 2012 without the presence of Management to discuss the results of the audit, extent of cooperation provided by the Company and the Group and officers and any other observations that they may have during the annual audit.

Summary of Activities of the Committee during the financial year ended 31 December 2012

- Reviewed and approved the audit plans with the internal and external auditors.
- Reviewed the assistance given by the Group's and Company's officers to the external auditors.
- Reviewed accounting and audit issues, findings and other matters arising from the external audit and ensure that appropriate actions are taken.
- Reviewed the independence and objectivity of the external auditors and the services provided.
- Reviewed the adequacy of the internal audit plans, scope of examination and internal audit reports and ensure that appropriate action is taken by management in respect of the audit findings and the Committee's recommendation.
- Reviewed and deliberated the unaudited quarterly results and audited financial statements for the year ended 31 December 2012 of the Company and the Group focusing on the accounting policy and financial reporting standards as well as the Group's performance, prior to the submission to the Board of Directors for consideration and approval.
- Reviewed related party transactions and procedures.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 April 2013.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") is committed to maintaining a high standard of corporate governance as expressed in the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code") focuses on strengthening board structure and composition recognizing the role of directors as active and responsible fiduciaries.

The Code serves as a fundamental guide to the Board in discharging its principal duty to act in the best interests of the Company as well as managing the businesses and affairs of the Group efficiently and also being ethical and sustainable.

The Board is working towards ensuring full compliance with the Principles and Recommendations of the Code. The Board is pleased to disclose below the manner in which it has applied the Principles as set out in the Code to its particular circumstances having regard to the Recommendations stated under each Principle.

BOARD OF DIRECTORS

Board Balance and Independence

The Board consists of nine (9) members, comprising eight (8) Non-Executive Directors (including the Chairman) and one (1) Managing Director. Of the eight (8) Non-Executive Directors, three (3) are independent directors and hence, fulfill the prescribed requirements for one-third (1/3) of the membership of the Board to be independent Board members.

The composition of the Board assures a blend of members with diverse professional backgrounds, skills and extensive experience and knowledge in the areas of finance, legal business, general management and strategy that has been the essence for the successful direction of the Group.

The Board acknowledged that it must comprise a majority of independent directors whilst our Chairman is not an independent director. However, the current size and composition of the Board are considered adequate to provide an optimum mix of skills and experience. Further, with the current Board composition, there is no disproportionate imbalance of power and authority on the Board between the non-independent and independent directors. The Board believes that the interests of the shareholders are best served by the Chairman who is sanctioned by shareholders and who will act in the best interest of the shareholders and SCB Group. Our Chairman is the founding member of SCB and he has significant relevant interests in SCB, he is well placed to act in the best interest of the shareholders. Nevertheless, the Board will continue to monitor and review the Board size and composition from time to time.

All the Independent Directors fulfil the criteria of independence as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad. None of the Independent Directors has served the Company exceeding a cumulative terms of nine (9) years.

The presence of the Independent Non-Executive Directors is essential in providing unbiased and independent opinions, judgments and advices to ensure that the interests of the Group, shareholders, employees, customers, suppliers and other communities in which the Group conducts its business are well represented. The Independent Non-Executive Directors therefore lay a key role in corporate accountability.

Mr. Kevin How Kow is the Senior Independent Director duly identified by the Board to whom concerns or queries concerning the SCB Group may be conveyed to.

The Board views that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. The Board does recognize the value of woman member of the Board and will continue to assess the needs to adopt a gender diversity policy or target in due course.

The profile of each Director is set out on pages 10 to 14 of this Annual Report.

Roles and responsibilities of the Board

The Company is led by the Board which is responsible for the overall business direction of the Group. The Board oversees the conduct of the business affairs of the Group's business operations and performance to ensure appropriate processes and internal controls are in place.

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies and procedures, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, such as principal risks and their management, succession planning for senior management, investor relations programme, systems for risk management and internal control and compliance with laws and regulations.

The Board has established clear functions reserved for the Board and those delegated to Management as set out in the Board Charter which serves as a reference point for Board's activities. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors. The Company has also adopted a set of Code of Conduct. Both the Board Charter and Code of Conduct are subject to periodical review. The Board Charter and Code of Conduct will be made available at the Company's website at www.sarawakcable.com.

In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendation, if any. The ultimate approval still lies with the entire Board. Certain Board functions are also delegated to the Management and the Board ensures Management is of the highest caliber.

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the Group Managing Director/ Chief Executive Officer. This division ensures that there is clear and proper balance of power and authority.

The Chairman's main responsibility is to ensure effective conduct of the Board and encourages participation and deliberation by all the Board members.

The Group Managing Director/Chief Executive Officer has overall responsibilities over the Group's operational, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

Board meetings

The Board meets at least four (4) times in a financial year. Additional meetings are also convened as and when necessary to deliberate and decide on urgent matters. The Board also exercises its approval through Directors' Circular Resolutions in Writing which are subsequently tabled and confirmed at the Board meetings.

There were six (6) Board meetings held in the financial year ended 31 December 2012 and details of the attendance of each Director are outlined as follows:

Directors	Attendance
Non-Executive	
Dato Sri Mahmud Abu Bekir Taib (Chairman)	6/6
Datuk Fong Joo Chung	6/6
Dato' Seri H'ng Bok San	6/6
Yek Siew Liong	6/6
Kevin How Kow	6/6
Dato' Ahmad Redza bin Abdullah	5/6
Erman bin Radin	6/6
Kon Ted Liuk (Alternate Director to Dato' Seri H'ng Bok San)	5/6
Executive	
Toh Chee Ching	6/6

All proceedings, matters arising, deliberations, in terms of the issue discussed, and resolutions at the Board meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board and, signed by the Chairman. All Board meetings were attended by the Companies Secretaries. Upon confirmation, Management Representatives were present at the Board meetings to provided additional insight into matters to be discussed during the Board meetings.

Supply of and Access to information

The Board is supplied with and assured of full and timely access to all relevant information to discharge its duties effectively. The agenda together with the Board papers are furnished to the Board members in a timely manner prior to the Board meeting for consideration.

The Board papers include among others, the following documents or information:

- Minutes and matters arising from the previous meeting;
- Reports of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval;
- Performance reports of the Group, including information on financial and industry updates;
- Report on operational, financial and technical issues;
- Related party transactions;
- New projects and/or investments;
- Dividend recommendation;
- Confirmation of Directors' Circular Resolution in Writing passed;
- Board papers on other matters for discussion/approval.

Additionally, the Board is also furnished with ad-hoc reports to ensure that they are appraised on financial, operational, corporate, legal and regulatory matters as and when the need arises.

The Directors have direct access to the advice and services of the Company Secretaries and other senior management staffs. The Board may at the Group's expense seek external and independent professional advice and assistance from experts in furtherance of their duties.

Re-election and re-appointment of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board may hold office until the next Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election.

The Company's Articles of Association also provide that all Directors (including Group Managing Director/Chief Executive Officer) shall retire from office once at least in each three (3) years and one-third (1/3) of the Directors are subject to retirement by rotation at every AGM but are eligible for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965 the office of a director of or over the age of seventy (70) years becomes vacant at every AGM unless he is re-appointed by a resolution passed at such AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three fourths (3/4) of all members present and voting at such AGM.

Directors' training

All the Directors have attended the Mandatory Accreditation Programme assigned by Bursa Malaysia Securities Berhad. The Board is constantly encouraged to attend seminars and programmes to keep abreast with the latest developments in the market and industry.

The training seminars attended by the Board members during the financial year are as follows:

- Seminar on preparing your first MFRS quarterly report.
- 2012 Malaysian Code on Corporate Governance Implementation & Disclosure for PLC Directors.

- Monetary Policy & Economic Analysis.
- Seminar on National Income Tax 2012.
- Risk management and control; are the Boards aware what they are up against?

Directors will evaluate their training needs on a continuous basis, by determining areas that would best strengthen their contributions to the Board.

Board Committees

The Board delegates certain responsibilities to the respective Committees of the Board which operates within certain clearly defined terms of reference. These committees have the authority to examine particular issues and report to the Board with their proceedings and deliberations. On Board reserved matters, Committees shall deliberate and thereafter state their recommendations to the Board for its approval.

During the Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at committee meetings, and highlight to the Board any further deliberation that is required at Board level. These Committee reports and deliberations are recorded into the minutes of the Board meetings.

Audit Committee

The Audit Committee was established on 16 October 2009 and its members were appointed by the Board. The Audit Committee comprises three (3) Independent Non-Executive Directors. This composition is in line with best practice under the Code.

The terms of reference of the Audit Committee are set out under the section "Audit Committee" contained in this Annual Report.

For the year under review, the Audit Committee had carried out its functions and duties as stipulated in the terms of reference. The Audit Committee also reviewed reports presented by the Internal Audit Department at each quarter.

Nomination Committee

The Nomination Committee was established on 16 October 2009 and its members were appointed by the Board. The Nomination Committee comprises three (3) Non-Executive Directors, the majority of whom are independent.

The Nomination Committee evaluates the effectiveness of the Board as a whole, the Board Committees, including their size and composition, and contributions of each individual director, including independent non-executive directors, as well as the Chief Executive Officer and members. The meeting shall review the performance appraisal forms completed by each individual director and comments submitted by the directors and highlight them to the Board.

All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions shall be properly documented. The Nomination Committee and the Board shall assess the independence of all independent directors annually.

During the year under review, one (1) meeting was held with full attendance by all members as follows:

Non-Executive Directors	Attendance
Datuk Fong Joo Chung – Chairman	1/1
Dato' Ahmad Redza bin Abdullah – Member	1/1
Kevin How Kow – Member	1/1

The terms of reference of the Nomination Committee are as follows:

- To identify and recommend to the Board, candidates for all directorships of Sarawak Cable to be filled by the shareholders or the Board;
- To consider, in making its recommendation, candidates for directorships, proposed by any director or shareholder;
- To recommend to the Board, directors to fill the seats on Board Committees;
- To evaluate the effectiveness of the Board and Board Committees and contributions of each individual director and members; and
- To ensure appropriate framework and plan for nomination and election process, if any for Sarawak Cable.

Remuneration Committee

The Remuneration Committee was established on 16 October 2009 and its members were appointed by the Board. The Remuneration Committee comprises three (3) Independent Non-Executive Directors.

During the year under review, four (4) meetings were held and attendance was as follows:

Non-Independent Non-Executive Directors	Attendance
Datuk Fong Joo Chung – Chairman	4/4
Dato' Seri H'ng Bok San @ H'ng Ah Ba – Member	4/4
Yek Siew Liong – Member	4/4

The terms of reference of the Remuneration Committee are as follows:

- To assist the Board in achieving corporate accountability and governance in respect of the remuneration for executive directors of Sarawak Cable;
- To serve as a 'check and balance' mechanism for Sarawak Cable to fairly reward the executive directors for their contributions to overall performance and that the compensation is reasonable in the light of Sarawak Cable's objectives; and
- To make recommendation to the Board on fees and allowance of Non-Executive Directors.

DIRECTORS' REMUNERATION

The Directors' remuneration is to attract and retain Directors of the caliber needed to run the Group successfully.

In Sarawak Cable, the Remuneration Committee structured the remuneration for Executive Director so as to link rewards to corporate and individual performance, taking into consideration scope of responsibilities, contributions and making comparison with market rate for similar position in comparable companies.

In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

Remuneration procedures

The Remuneration Committee recommends to the Board, the remuneration package for Managing Director and Non-Executive Directors.

Directors' fees payable to Non-Executive Directors recommended by the Remuneration Committee and approved by the Board are subject to approval by shareholders at Sarawak Cable's forthcoming AGM. The Managing Director is not entitled to any payment of Directors' fees by the Company.

Directors concerned do not participate in the approval of their own remuneration package.

Disclosure of Directors' Remuneration

Disclosure of remuneration of Directors of the Company for the financial year ended 31 December 2012 is as follows:

Aggregate Remuneration

	Executive Director		Non-Executive Directors		
	Sarawak Cable	Subsidiaries	Sarawak Cable	Subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Fees	135	91	920	298	1,444
Salaries, EPF and other emoluments	843	180	68	5	1,096
Benefits-in-kind	28	-	-	-	28
Total	1,006	271	988	303	2,568

Number of directors whose aggregate remuneration falls into the following bands:

RM	Executive Directors	Non-Executive Directors	Total
< 50,000	-	1	1
100,001 – 150,000	-	3	4
150,001 – 200,000	-	2	1
200,001 – 250,000	-	1	1
300,001 – 350,000	-	1	1
1,250,001 – 1,300,000	1	-	1

The above remuneration of the Directors of Sarawak Cable represents fees and remuneration paid and payable to Directors of the Company.

COMPANY SECRETARIES

The Company Secretaries are qualified secretaries as required pursuant to the Malaysian Companies Act 1965. The Company Secretaries are the members of the Malaysian Institute of Accountant (MIA) and Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). They are competent in carrying out their work and play supporting and advisory roles to the Board. They ensure adherence and compliance to the procedures and regulatory requirements from time to time.

SHAREHOLDERS

Shareholders and Investors' Relations

The Board believes that the Group should be transparent and accountable to its shareholders and investors.

In ensuring this, Sarawak Cable has been actively communicating with its shareholders and stakeholders through the following medium:

- Release of financial results on a quarterly basis;
- Announcements to Bursa Malaysia Securities Berhad ; and
- An Investor Relations section which can be contacted at ir@sarawakcable.com on any queries from shareholders and stakeholders.

In addition, the Company also put in place electronic facility to enable communication with shareholders via its website www.sarawakcable.com.my. Shareholders can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on SCB Group by accessing this website. All announcements made by the Company and information that are relevant to the shareholders and investors are available in this website.

Annual General Meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders who are encouraged and are given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns.

Each notice of a general meeting, which includes any item of special business, will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

ACCOUNTABILITY AND AUDIT

Financial reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors will endeavor to present a clear, balanced and understandable assessment of the Group's financial position, performance and prospects.

Internal Control

Please refer to the section on "Statement on internal control" contained in this Annual Report.

Internal Audit Functions

Please refer to the section on "Statement on internal control" contained in this Annual Report.

The total cost incurred for the internal audit functions for the financial year ended 31 December 2012 was RM213,922. (2011: RM218,476)

Relationships with External Auditors

The Board and the external auditors maintained an independent and transparent relationship to ensure the Group's compliance with Financial Reporting Standards in Malaysia.

Before commencement of annual audit, the external auditors will present their audit plan and results of the audit conducted, overall findings and major issues are presented to the Audit Committee for deliberation.

Non-Audit fees

Non-audit fees of RM458,000 including RM433,000 paid to reporting accountant to review and advise on corporate proposals) were paid to the external auditors and a firm attached to them for the financial year ended 31 December 2012 (2011: RM30,000).

Recurrent related party transactions of a revenue or trading nature in the ordinary course of business

During the financial year under review, the recurrent related party transactions conducted are disclosed in Note 32 to the audited financial statements contained in this Annual Report.

Material contracts

Other than those disclosed in the recurrent related party transactions in the ordinary course of business, there were no material contracts entered into by the Group involving Directors and major shareholders interest during the financial year ended 31 December 2012.

Relealised and unrealized profit

The breakdown of the realized and unrealized profit as at 31 December 2012 are disclosed in the Note 40 to the Audited Financial Statements for the year ended 31 December 2012, as outlined on page 93 of the annual report.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 April 2013.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Introduction

The Sarawak Cable Berhad Group's (the Group) Statement on Risk Management & Internal Control is prepared for the purpose of making disclosures concerning risk management and internal control pursuant to:

(i) paragraph 15.26(b) of Bursa Malaysia Securities Berhad's (Bursa Malaysia) Listing Requirements that requires a public listed company to ensure that its Board of Directors include in its annual report "a statement about the state of internal control of the listed issuer as a group", and

(ii) Principle 6 of the Malaysian Code on Corporate Governance 2012 requiring the board of listed issuers to establish a sound risk management framework and internal control system.

Board's Responsibility

The Group's Board of Directors (the Board) is responsible in ensuring that the internal control system is both adequate and effective in safeguarding the Group's assets and shareholders' investment. This is achieved through the establishment of a sound framework to manage risks.

The Board has established an ongoing process to identify, assess and monitor key risks applicable to the Group's business activities. The Board, through the Risk Management Committee and the Audit Committee has been actively involved in articulating, implementing and reviewing the Group's system of internal control. The Management of the Group is tasked with undertaking the necessary actions, steps and measures to implement the internal control and the risks' policies and procedures.

The effectiveness and ef ciency of the internal control procedures and processes have also been subjected to periodic assessment by the Board.

Due to the inherent limitation in the internal control framework which was designed to manage, rather than eliminate risks completely, only reasonable, rather than absolute assurance is given with respect to material financial misstatement, losses, or fraud.

Internal Control Framework

The Group's internal control system consists of the policies, procedures and processes which enable it to operate effectively and ef ciently, provide relevant internal and external reporting and ensure good compliance with the applicable laws and regulations. The Audit Committee, Group Internal Audit and the Risk Management Committee are key elements of the Group's internal control framework. The committees and function are made up of qualified and professionally competent members who are adequately empowered to carry out their intended responsibilities and duties towards enhancing control environment and promoting good corporate governance practices.

Audit Committee

The main responsibility of the Audit Committee involve overseeing, monitoring and assessment of the Internal and External Audit functions in relation to their respective roles in providing independent appraisal of the Group's internal control processes and procedures.

The Audit Committee approves the annual Internal Audit Plan to be carried out by the Internal Audit Department and ensures that critical audit issues highlighted by both the Internal and External Auditors are appropriately considered and satisfactorily resolved by the Management.

Subsequently, the Audit Committee presents to the Board issues or matters deemed significant in enhancing internal control processes and risk management activities throughout the Group.

Group Internal Audit

The Group Internal Audit Department reports directly to the Audit Committee and is independent of the activities it audits. It provides an independent, objective assurance and consulting activity designed to add value and improve the Group's operations. The Group Internal Audit Department regularly evaluates and where necessary, assists in enhancing the effectiveness of the corporate governance processes, risk management and internal control framework. The approved Internal Audit Charter defines the role, responsibility and the authority of members of the Group Internal Audit Department.

In accordance with the International Standards for the Professional Practice of Internal Auditing, members of the internal audit function exercise due care and professionalism in performing their activities.

The Internal Audit Manager is professionally qualified and presents, on quarterly basis the results of the Internal Audit Plan and other reviews to the Audit Committee for their deliberation and further actions.

Risk Management Committee

The Risk Management Committee (RMC) was formed with the main objective of overseeing the Group's risk management systems, practices and procedures to ensure the effectiveness of risk identification and management, and compliance with internal guidelines and external requirements.

The RMC held its second meeting on 18 October 2012 to review and elaborate the results of the Group's risk monitoring activity for the first half of 2012.

The Group's Risk Management Framework, which is loosely modeled after the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management's Framework, is designed to be responsive to changes in the business environment.

The framework has been clearly communicated to the Management and all the head of departments. Nevertheless, certain improvement is required in the identification, assessment, control and reporting of the risks.

Going forward, the RMC report will be tabled to the Board at least twice a year.

Operational Structure and Other Control Elements

In line with its business and operations requirement, the Group has established an organization structure that clearly defines the lines of responsibility, reporting hierarchy and limits of authority of the management team and other members of the organization. Currently, the three (3) subsidiaries under the Group manage key functions within their individual units separately and the General Managers report to the Chief Executive Officer (CEO) on weekly or monthly basis on issues relating to the company's performance, control environment, opportunities and operational and business strategies.

Key functions established at individual company's level vary slightly but commonly consist of the Sales and Marketing, Finance, Human Resource and Administration, Procurement, Inventory and Logistic, Production and Project Department. At the Group level, Compliance, Investor Relations and Corporate Affairs Department were established to manage matters concerning the holding company or the Group as a whole.

Each function is appropriately staffed and adequately empowered to enable it to carry out its intended objectives. Limits of Authority (LOA) were established to define the appropriate transaction authorization limits of the respective level of Management. The LOA is subject to regular review and any changes are approved by the Board.

As the subsidiaries are all certified under ISO 9001:2008 and some are gearing towards OHSAS 18001 certification, standard operating policies and procedures and operating manuals have been appropriately documented and regularly reviewed. The appointed Management Representatives coordinate the activities of the respective management systems and ensure full compliance to the standards' requirements.

Human Resource and Administration

The Group's Human Resource and Administration Department performs regular analysis on human resource requirement in terms of suf ciency, quality and succession planning. The recruitment and remuneration system requires that all employees are subjected to strict recruitment processes, appraisal procedures and career path determination.

In order to ensure competency and business continuity, training requirements are identified and planned on annual basis based on individual needs, departmental recommendations and certification bodies' requirement.

Finance

The Finance and Accounts Department observes closely the monthly closing and reporting period reminder, executes timely transaction recording, processing and reporting, performs regular variance analysis, complies to acceptable financial reporting standards, and ensures proper cash flow planning for working capital and capital expenditures requirement.

Marketing, Procurement and Production/ Project Execution

The Material and Production Planning Meeting is held at monthly interval to determine raw material requirement based on the input from the Sales & Marketing Department, Inventory & Logistic Department, Production Department and Procurement Department.

Similarly, the monthly Project Meeting is carried out to update the status of individual projects, material procurement and delivery schedule, engineering and design submission, site progress and issues affecting the individual projects.

Coordination of inputs among the various departments ensures that materials are procured timely at competitive price, goods and services are delivered according to schedule, quality control is in place and the Group's bottom line is taken care of.

Monthly Management Meeting, Budgeting and Strategic Planning

The monthly Management Meeting serves to present, deliberate and decide on the necessary action plan or strategy on matters relating to departmental performance, issues or immediate future plans.

The Group conducts budgeting and strategic planning activities with the main objective of ensuring suf cient allocation of resources to all business units and subsidiaries and sustaining the Group's business activities. Heads of departments gather relevant inputs and data from their subordinates, deliberate their plans at Group level for approval and subsequently implement, revise and monitor the approved budget and plans.

Health and Safety

The Group has shown a high degree of commitment in providing healthy and safe environment to its employees and people that come into contact with its operation and business activities. Adequate measures are taken to provide protection against accidents and exposure to health hazards. There is also good compliance to Occupational Safety and Health Act 1994 and OHSAS 18001 (Occupational Safety and Health Management System).

Conclusion

The Board would like to conclude that based on the information and assurance given by the Chief Executive Officer and the Chief Financial Officer, the Group's risk management and internal control system is operating adequately and effectively. This is supported by the fact that there was no significant financial loss and major non-compliance or fraudulent activities reported or uncovered during the financial year under review. The Board will continue to monitor and improve all elements of control and risk management processes in order to safeguard its assets and shareholders' investment.

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activity

The principal activities of the Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	**Company** RM'000
Profit net of tax	5,840	1,502
Profit attributable to:		
Owners of the parent	5,947	1,502
Non-controlling interests	(107)	-
	5,840	1,502

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

Dividends

The amount of dividend paid by the Company since 31 December 2011 was as follows:

In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:

	RM'000
Interim single tier dividend of 2.5 sen per ordinary share on 135,000,000 ordinary shares declared on 21 November 2011 and paid on 5 January 2012	3,375
Final single tier dividend of 2.5 sen per ordinary share on 135,000,000 ordinary shares declared on 23 April 2012 and paid on 27 July 2012	3,375
	6,750

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2012 of 2.5 sen per ordinary share on 155,250,000 ordinary shares, amounting to a dividend payable of RM3,881,250 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2013.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato Sri Mahmud Abu Bekir Taib
Datuk Fong Joo Chung
Dato' Seri H'ng Bok San
Yek Siew Liong
Toh Chee Ching
Kevin How Kow
Dato' Ahmad Redza bin Abdullah
Erman bin Radin
Kon Ted Liuk (Alternate director to Dato' Seri H'ng Bok San)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those disclosed in Note 32.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	← Number of ordinary shares of RM0.50 each →			
Name of director	**1.1.2012**	**Acquired**	**Sold**	**31.12.2012**
Direct Interest:				
Ordinary shares of company				
Dato Sri Mahmud Abu Bekir Taib	26,125,000	6,000,000	-	32,125,000
Datuk Fong Joo Chung	595,000	-	-	595,000
Dato' Seri H'ng Bok San	125,000	-	-	125,000
Yek Siew Liong	725,000	-	-	725,000
Toh Chee Ching	3,425,000	2,025,000	-	5,450,000
Erman bin Radin	126,800	-	-	126,800
Deemed Interest:				
Ordinary shares of company				
Dato Sri Mahmud Abu Bekir Taib	16,890,000	2,100,000	-	18,990,0001
Dato' Seri H'ng Bok San	20,864,998	-	-	20,864,9982
Yek Siew Liong	16,890,000	2,100,000	-	18,990,0001
Toh Chee Ching	300,000	430,000	-	730,0003

1 Deemed interested by virtue of their interests in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 ("the Act").
2 Deemed interested by virtue of his interest in Leader Universal Holdings Berhad and his son's shareholdings pursuant to Section 6A and Section 134(12)(c) of the Act respectively.
3 Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn. Bhd. and his spouse's interest pursuant to Section 6A and Section 134(12)(c) of the Act respectively.

By virtue of their interests in the Company, all the directors (except for Kevin How Kow, Dato' Ahmad Redza bin Abdullah, Kon Ted Liuk who do not have any interest in the Company or its related corporations) are also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

Issue of shares

During the financial year, the Company increased its:

(a) authorised ordinary share capital from RM100,000,000 to RM250,000,000 through the creation of 300,000,000 new ordinary shares of RM0.50 each; and

(b) issued and paid-up ordinary share capital from RM67,500,000 to RM77,625,000 by way of issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.52 per ordinary share and issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.69 per ordinary share for cash.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 18 and Note 37 to the financial statements.

Event occurring after the reporting date

Details of event occurring after the reporting date are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated

Datuk Fong Joo Chung **Toh Chee Ching**

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, **Datuk Fong Joo Chung** and **Toh Chee Ching**, being two of the directors of **Sarawak Cable Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 35 to 93 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 40 to the financial statements have been presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 April 2013.

Datuk Fong Joo Chung **Toh Chee Ching**

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Teoh Wen Jinq**, being the of cer primarily responsible for the financial management of **Sarawak Cable Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 93 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Teoh Wen Jinq**
at Kuching in the State of Sarawak
on 22 April 2013 **Teoh Wen Jinq**

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SARAWAK CABLE BERHAD

Report on the financial statements

We have audited the financial statements of Sarawak Cable Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 93.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is suf cient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 40 on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

(1) As stated in Note 2.1 to the financial statements, Sarawak Cable Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We are not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

(2) This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHIN MUI KHIONG PETER
No. 1881/03/14 (J)
Chartered Accountant

Kuching, Malaysia
Date: 22 April 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	4	268,578	368,310	9,250	17,100
Cost of sales		(243,312)	(332,542)	-	-
Gross profit		25,266	35,768	9,250	17,100
Other items of income					
Interest income	5	1,108	105	38	72
Other income	6	6,372	1,536	-	-
Other items of expense					
Marketing and distribution		(3,711)	(3,500)	-	-
Administrative expenses		(12,759)	(8,391)	(5,918)	(3,786)
Finance costs	7	(1,761)	(671)	(714)	(265)
Other expenses		(4,803)	(560)	-	(3)
Profit before tax	8	9,712	24,287	2,656	13,118
Income tax expense	11	(3,872)	(4,932)	(1,154)	(87)
Profit for the year, net of tax		5,840	19,355	1,502	13,031
Other comprehensive income					
Exchange differences on translation of foreign operations		(314)	-	-	-
Total comprehensive income for the year		5,526	19,355	1,502	13,031
Profits attributable to:					
Owners of the Company		5,947	15,565	1,502	13,031
Non-controlling interests		(107)	3,790	-	-
		5,840	19,355	1,502	13,031
Total comprehensive income attributable to:					
Owners of the Company		5,802	15,565	1,502	13,031
Non-controlling interests		(276)	3,790	-	-
		5,526	19,355	1,502	13,031

	Note	Group 2012	Group 2011
Earnings per share attributable to owner of the Company (sen per share):			
Basic	12(a)	4.33	11.53
Diluted	12(a)	4.33	11.53

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Group As at 1.1.2011 RM'000	Company 2012 RM'000	Company 2011 RM'000	Company As at 1.1.2011 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	14	63,776	56,520	55,200	400	90	31
Intangible assets	15	33,239	-	-	-	-	-
Prepaid land lease payment	16	7,655	7,867	9,008	-	-	-
Long term retention sum	21	9,612	-	-	-	-	-
Deferred tax assets	27	687	-	-	-	-	-
Investment in subsidiaries	18	-	-	-	164,248	82,130	82,130
		114,969	64,387	64,208	164,648	82,220	82,161
Current assets							
Inventories	19	40,834	32,333	30,960	-	-	-
Trade and other receivables	21	93,695	135,074	129,228	3,383	1,682	199
Other current assets	22	39,680	30,715	6,569	1,536	7,529	-
Tax recoverable		-	64	-	11	64	-
Cash and bank balances	23	30,301	9,488	10,698	384	7,646	6,840
		204,510	207,674	177,455	5,314	16,921	7,039
Assets held for sale	17	1,664	2,497	-	-	-	-
		206,174	210,171	177,445	5,314	16,921	7,039
TOTAL ASSETS		321,143	274,558	241,663	169,962	99,141	89,200
EQUITY AND LIABILITIES							
Current liabilities							
Loans and borrowings	24	91,534	37,683	6,503	18,600	4,000	-
Trade and other payables	25	36,765	95,472	100,467	6,166	6,415	9,455
Other current liabilities	26	1,274	1,615	9,788	-	-	-
Income tax payable		380	990	1,195	-	-	-
		129,953	135,760	117,953	24,766	10,415	9,455
Net current assets/(liabilities)		76,221	74,411	59,492	(19,452)	6,506	(2,416)
Non-current liabilities							
Loans and borrowings	24	32,107	-	-	30,400	-	-
Deferred tax liabilities	27	7,880	5,964	5,892	-	-	-
		39,987	5,964	5,892	30,400	-	-
TOTAL LIABILITIES		169,940	141,724	123,845	55,166	10,415	9,455
Net assets		151,203	132,834	117,818	114,796	88,726	79,745

	Note	Group 2012 RM'000	Group 2011 RM'000	Group As at 1.1.2011 RM'000	Company 2012 RM'000	Company 2011 RM'000	Company As at 1.1.2011 RM'000
EQUITY AND LIABILITIES (contd.)							
Equity attributable to owners of the Company							
Share capital	28	77,625	67,500	67,500	77,625	67,500	67,500
Reverse acquisition reserve		(37,300)	(37,300)	(37,300)	-	-	-
Share premium	28	31,783	10,590	10,590	31,783	10,590	10,590
Revenue reserves	30	79,251	79,035	65,862	5,388	10,636	1,655
Foreign currency translation reserves		(314)	-	-	-	-	-
		151,045	119,825	106,652	114,796	88,726	79,745
Non-controlling interests		158	13,009	11,166	-	-	-
TOTAL EQUITY		151,203	132,834	117,818	114,796	88,726	79,745
TOTAL EQUITY AND LIABILITIES		321,143	274,558	241,663	169,962	99,141	89,200

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital (Note 28) RM'000	Reverse acquisition reserve RM'000	Share premium (Note 28) RM'000	Revaluation reserves (Note 29) RM'000	Foreign currency translation reserves RM'000	Revenue reserves (Note 30) RM'000	Non-controlling interests RM'000
			← Attributable to owners of the Company →							
						← Non-distributable			→ Distributable	
2012										
Group										
Opening balance at 1 January 2012		132,834	119,825	67,500	(37,300)	10,590	452	-	78,583	13,009
Effect of transition to MFRS		-	-	-	-	-	(452)	-	452	-
As restated		132,834	119,825	67,500	(37,300)	10,590	-	-	79,035	13,009
Total comprehensive income		5,526	5,633	-	-	-	-	(314)	5,947	(107)
		138,360	125,458	67,500	(37,300)	10,590	-	(314)	84,982	12,902
Transactions with owners:										
Acquisition of subsidiary		88	-	-	-	-	-	-	-	88
Acquisition of remaining equity interest in a subsidiary	18	(11,313)	1,019	-	-	-	-	-	1,019	(12,332)
Shares issued for cash		32,501	32,501	10,125	-	22,376	-	-	-	-
Shares issuance expenses		(1,183)	(1,183)	-	-	(1,183)	-	-	-	-
Dividends paid to non-controlling interest		(500)	-	-	-	-	-	-	-	(500)
Dividends on ordinary shares	13	(6,750)	(6,750)	-	-	-	-	-	(6,750)	-
Closing balance at 31 December 2012		151,203	151,045	77,625	(37,300)	31,783	-	(314)	79,251	158
2011										
Group										
Opening balance at 1 January 2011		117,818	106,652	67,500	(37,300)	10,590	452	-	65,410	11,166
Effect of transition to MFRS		-	-	-	-	-	(452)	-	452	-
As restated		117,818	106,652	67,500	(37,300)	10,590	-	-	65,862	11,166
Total comprehensive income		19,355	15,565	-	-	-	-	-	15,565	3,790
		137,173	122,217	67,500	(37,300)	10,590	-	-	81,427	14,956
Transactions with owners:										
Adjustment on provisional amount		2,211	1,658	-	-	-	-	-	1,658	553
Dividends paid to non-controlling interest		(2,500)	-	-	-	-	-	-	-	(2,500)
Dividends on ordinary shares	13	(4,050)	(4,050)	-	-	-	-	-	(4,050)	-
Closing balance at 31 December 2011		132,834	119,825	67,500	(37,300)	10,590	-	-	79,035	13,009

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Equity, total	Non-Distributable Share capital (Note 28)	Non-Distributable Share premium (Note 28)	Distributable Revenue reserves (Note 30)
		RM'000	RM'000	RM'000	RM'000
2012					
Company					
Opening balance at 1 January 2012		88,726	67,500	10,590	10,636
Total comprehensive income		1,502	-	-	1,502
Transaction with owners:					
Shares issued for cash		32,501	10,125	22,376	-
Shares issuance expenses		(1,183)	-	(1,183)	-
Dividends on ordinary shares	13	(6,750)	-	-	(6,750)
Closing balance at 31 December 2012		114,796	77,625	31,783	5,388
Opening balance at 1 January 2011		79,745	67,500	10,590	1,655
Total comprehensive income		13,031	-	-	13,031
Transaction with owners:					
Dividends on ordinary shares	13	(4,050)	-	-	(4,050)
Closing balance at 31 December 2011		88,726	67,500	10,590	10,636

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Operating activities					
Profit before tax		9,712	24,287	2,656	13,118
Adjustments for:					
Accretion of finance lease	8	(21)	-	-	-
Accretion of long term retention sum	8	(625)	-	-	-
Allowance for impairment loss of trade receivables	8	1,437	413	-	-
Amortisation of intangible assets	8	3,239	-	-	-
Amortisation of prepaid land lease payment	8	212	237	-	-
Bad debts written off	8	2	34	-	-
Depreciation of property, plant and equipment	8	6,482	5,057	50	9
Dividend income	4	-	-	(5,500)	(13,500)
Gain in disposal of assets held for sale	8	(97)	-	-	-
Gain on bargain purchase	6	(913)	-	-	-
(Gain)/loss on disposal of property, plant and equipment	8	(104)	5	-	3
Interest income	8	(1,108)	(105)	(38)	(72)
Interest expense	7	1,761	671	714	265
Inventories written off	8	261	1,043	-	-
Property, plant and equipment written off	8	-	22	-	-
Provision for inventories obsolescence	8	281	-	-	-
Reversal of allowance for impairment loss of trade receivables	6	(451)	(146)	-	-
Reversal of amortisation of trade payables	6	(455)	(221)	-	-
Unrealised loss on foreign exchange	8	2	4	-	-
Operating cash flows before working capital changes		19,615	31,301	(2,118)	(177)
Changes in working capital:					
Increase in deposits with licensed bank pledged for borrowings		475	-	-	-
Increase in inventories		(9,043)	(2,416)	-	-
Decrease/(increase) in trade and other receivables		107,750	(6,147)	(1,701)	(1,484)
(Increase)/decrease in other current assets		(8,965)	(24,146)	5,993	(7,529)
Decrease in trade and other payables		(94,317)	(2,568)	(510)	(3,040)
Decrease in other current liabilities		(18,180)	(8,172)	-	-
Total changes in working capital		(22,280)	(43,449)	3,782	(12,053)

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (contd.)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows (used in)/from operations		(2,665)	(12,148)	1,664	(12,230)
Interest received		1,108	105	38	72
Interest paid		(1,761)	(671)	(453)	(265)
Income taxes paid		(4,956)	(5,129)	(101)	(150)
Net cash flows (used in)/from operating activities		(8,274)	(17,843)	1,148	(12,573)
Investing activities					
Acquisition of subsidiaries, net of cash outflows		(68,210)	-	(70,805)	-
Purchase of property, plant and equipment	14	(4,493)	(7,998)	(360)	(72)
Proceeds from disposal of property, plant and equipment		128	1	-	1
Proceeds from disposal of assets held for sale		930	-	-	-
Acquisition of non-controlling interests	18	(11,313)	-	(11,313)	-
Dividend received		-	-	4,500	13,500
Net cash (used in)/from investing activities		(82,958)	(7,997)	(77,978)	13,429
Financing activities					
Dividend paid on ordinary shares	13	(6,750)	(4,050)	(6,750)	(4,050)
Dividends paid to non-controlling interests		(500)	(2,500)	-	-
Share issuance expense	28	(1,183)	-	(1,183)	-
Proceeds from issuance of ordinary shares		32,501	-	32,501	-
Net proceeds from borrowings		71,182	31,180	45,000	4,000
Net cash from/ (used in) financing activities		95,250	24,630	69,568	(50)
Net increase/(decrease) in cash and cash equivalents		4,018	(1,210)	(7,262)	806
Cash and cash equivalents at 1 January		9,488	10,698	7,646	6,840
Cash and cash equivalents at 31 December	23	13,506	9,488	384	7,646

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak.

The principal activities of the Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, has been applied. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRS").

The financial statements of the Group and of the Company for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company's registered office.

In preparing their opening MFRS Statements of Financial Position as at 1 January 2011 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out below. The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are set out in Note 2.2 to the financial statements. The transition from FRS to MFRS has not had a material impact on the statements of cash flows and total comprehensive income.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below. Accounting notes related to the statement of financial position as at the date of transition to MFRS are only presented for those items.

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3, Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

<u>Acquisitions before date of transition</u>

The Group has elected to apply MFRS 3 prospectively from 1 January 2011. In respect of acquisitions prior to the date of transition,

(i) The classification of former business combinations under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of buildings during the year 2007 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus for the Group of RM452,389 (1 January 2011: RM452,389; 31 December 2011: RM452,389) was transferred to revenue reserves on the date of transition.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

(d) The reconciliation of equity for comparative periods of equity at the date of transaction reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM'000	**Property, plant and equipment** RM'000	**MFRS as at 1.1.2011** RM'000
Group			
Equity attributable to owners of the Company			
Share capital	67,500	-	67,500
Reverse acquisition reserve	(37,300)	-	(37,300)
Share premium	10,590	-	10,590
Revenue reserves	65,410	452	65,862
Revaluation reserves	452	(452)	-
	106,652	-	106,652

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

(d) (ii) Reconciliation of equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	Property, plant and equipment RM'000	MFRS as at 31.12.2011 RM'000
Group			
Equity attributable to owners of the Company			
Share capital	67,500	-	67,500
Reverse acquisition reserve	(37,300)	-	(37,300)
Share premium	10,590	-	10,590
Revenue reserves	78,583	452	79,035
Revaluation reserves	452	(452)	-
	119,825	-	119,825

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRS effective for annual periods beginning on or after 1 July 2012

- MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

MFRS effective for annual periods beginning on or after 1 January 2013

- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investment in Associate and Joint Ventures
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities

MFRS effective for annual periods beginning on or after 1 January 2015

- MFRS 9 Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application. The nature of the impending changes in accounting policies and adoption of applicable standards are described below:

Annual periods beginning on or after 1 January 2013

- **Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income**

  The amendments to MFRS 101 require changes to the presentation of other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The effective date of the standard is 1 July 2012. The Group and the Company have decided not to early adopt the amendments and expect that the adoption will only affect the presentation of the statements of comprehensive income.

- **Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities**

  The amendments to MFRS 7 require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with IAS 32. The amendments to MFRS 7 are to be retrospectively applied for annual periods beginning on or after 1 January 2013. The amendments affect disclosures only and have no impact on the Group and the Company's financial position or performance.

- **MFRS 10 Consolidated Financial Statements**

  MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

  Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

  MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

  The adoption of MFRS 10 will not have impact on the Group's financial position and performances.

- **MFRS 12 Disclosures of Interests in Other Entities**

  MFRS 12 includes all the disclosures that were previously in IAS 27, IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are added to the existing requirements such as the judgments made to determine whether it controls another entity. MFRS 12 is a disclosure standard and therefore will have no effect on profit or loss or equity of the Group.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2013 (contd.)

- **MFRS 13 Fair Value Measurement**

  MFRS 13 provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. The adoption of MFRS 13 will not affect the fair value of the assets and liabilities of the Group and the Company.

- **MFRS 127 Separate Financial Statements**

  As a consequence of the new MFRS 10 and MFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The adoption of the amendments will have no impact on the Group's financial position or performance.

- **MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)**

  An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

- **Annual Improvements 2009-2011 Cycle**

  Amendments to MFRS 101: Presentation of Financial Statements

  The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

Annual periods beginning on or after 1 January 2015

- **MFRS 9 Financial Instruments**

  MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.5 Foreign currency

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2. Summary of significant accounting policies (contd.)

2.5 Foreign currency (contd.)

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The costs of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings: over the remaining lease term of the land
- Motor vehicles: 5 years
- Plant and machinery: 5 to 20 years
- Of ce equipment: 5 to 6 years
- Furniture and fittings: 6 years
- Renovation: over the remaining lease term of the land

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (contd.)

2.7 Prepaid land lease payment

Prepaid land lease payment are initially measured at cost. Following initial recognition, prepaid land lease payment are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payment are amortised over their lease terms.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition, and the only category includes loans and receivables.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. Summary of significant accounting policies (contd.)

2.9 Financial assets (contd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.10 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

2. Summary of significant accounting policies (contd.)

2.12 Construction contracts (contd.)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase costs on weighted average method
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(a) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowings costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowings of funds.

2.16 Employees benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.17 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.18 Non-current assets held for sale and discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Construction contracts

Revenue from construction contracts is accounted by the stage of completion method as mentioned in Note 2.12.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. Summary of significant accounting policies (contd.)

2.20 Income taxes (contd.)

(b) Deferred tax (contd.)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that suf cient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial dif culties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 21.

(b) Construction contracts

The Group recognises contract revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction contract costs. Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contract costs. In making the judgement, the Group relies on past experience and work of specialist.

4. Revenue

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Sale of cables and conductors	93,713	124,749	-	-
Manufacturing, fabrication, galvanising and sale of steel structure	58,735	55,704	-	-
Construction contract revenue	116,130	187,857	-	-
Dividend income from subsidiaries	-	-	5,500	13,500
Management fee	-	-	3,750	3,600
	268,578	368,310	9,250	17,100

5. Interest income

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Short term deposits with licensed banks	368	105	38	72
Other interest income	740	-	-	-
	1,108	105	38	72

6. Other income

	Group	
	2012	**2011**
	RM'000	RM'000
Accretion of finance lease	21	-
Accretion of long term retention sum (Note 21)	625	-
Gain on bargain purchase (Note 18)	913	-
Gain on disposal of land held for sale	97	-
Gain on inventories	-	45
Insurance claim	148	142
Miscellaneous income	257	953
Net gain on disposal of property, plant and equipment	104	-
Realised gain on foreign exchange	2	-
Recovery of bad debts written off in prior year	3,144	-
Rental income	438	29
Reversal of allowance for impairment loss on trade receivables (Note 21)	451	146
Reversal of amortisation of trade payables	172	221
	6,372	1,536

7. Finance costs

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loan interest	209	-	194	-
Revolving credits interest	635	5	265	-
Bankers' acceptances	1,439	666	5	28
Loans from subsidiary	-	-	250	237
Finance lease	42	-	-	-
Total finance costs	2,325	671	714	265
Less: Interest expenses capitalised in construction contract costs (Note 20)	(564)	-	-	-
	1,761	671	714	265

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audits	135	80	25	23
- under/(over) provision in previous year	11	(15)	5	(5)
- other services	458	30	458	30
Accretion of finance lease	(21)	-	-	-
Accretion of long term retention sum (Note 21)	(625)	-	-	-
Amortisation of intangible assets (Note 15)	3,239	-	-	-
Amortisation of trade payables	455	-	-	-
Allowance for impairment loss of trade receivables (Note 21)	1,437	413	-	-

8. Profit before tax (contd.)

The following items have been included in arriving at profit before tax: (contd.)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease payment (Note 16)	212	237	-	-
Bad debts written off	2	34	-	-
Depreciation of property, plant and equipment (Note 14)	6,482	5,057	50	9
Employee benefits expense (Note 9)	10,906	9,297	1,802	1,675
Gain on disposal of assets held for sale	(97)	-	-	-
Interest income	(1,108)	(105)	(38)	(72)
Inventories written off	261	1,043	-	-
(Gain)/loss on disposal of property, plant and equipment	(104)	5	-	3
Non-executive directors' remuneration (Note 10)	1,291	1,161	988	984
Property, plant and equipment written off	-	22	-	-
Provision for inventories obsolescence	281	-	-	-
Realised loss on foreign exchange	2	-	-	-
Rental expense	490	325	343	287
Reversal of allowance for impairment loss on trade receivables	(451)	-	-	-
Unrealised loss on foreign exchange	2	4	-	-

9. Employee benefits expense

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	10,762	8,161	1,574	1,454
Contributions to defined contribution plan	1,324	1,029	223	217
Social security contributions	96	85	5	4
Other benefits	184	22	-	-
	12,366	9,297	1,802	1,675
Less: construction contract cost (Note 20)	(1,460)	-	-	-
	10,906	9,297	1,802	1,675

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,249,720 (2011: RM1,134,560) and RM978,320 (2011: RM1,089,710) as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	1,024	957	843	955
Fees	226	178	135	135
Total executive directors' remuneration (Note 9)	1,250	1,135	978	1,090
Non-executive:				
Fees	1,218	1,089	920	920
Other emoluments	73	72	68	64
Total non-executive directors' remuneration (Note 8)	1,291	1,161	988	984
Total directors' remuneration (Note 32(b))	2,541	2,296	1,966	2,074
Estimated money value of benefits-in-kind	28	24	28	-
Total directors' remuneration including benefits-in-kind	2,569	2,320	1,994	2,074

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number of directors	
	2012	**2011**
Executive director:		
RM1,100,001 – RM 1,150,000	-	1
RM1,250,001 – RM 1,300,000	1	-
Non-Executive directors:		
Less than RM50,000	1	1
RM100,001 – RM150,000	3	4
RM150,001 – RM200,000	2	2
RM200,001 – RM250,000	1	1
RM300,001 – RM350,000	1	-

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Based on results for the year	5,888	4,750	1,129	71
- Under provision in respect of previous years	506	110	25	16
	6,394	4,860	1,154	87
Deferred income tax (Note 27):				
- Origination and reversal of temporary differences	(2,752)	350	-	-
- Under/(over) provision in respect of previous years	230	(278)	-	-
	(2,522)	72	-	-
Income tax expense recognised in profit or loss	3,872	4,932	1,154	87

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Accounting profit before tax	9,712	24,287	2,656	13,118
Tax at Malaysian statutory tax rate 25% (2011: 25%)	2,428	6,072	664	3,280
Adjustments:				
Income not subject to tax	(33)	(875)	(375)	(3,375)
Non-deductible expenses	741	701	840	166
Utilisation of current year's reinvestment allowance	-	(798)	-	-
Under/(over) provision of deferred tax in respect of previous years	230	(278)	-	-
Under provision of income tax in respect of previous years	506	110	25	16
Income tax expense recognised in profit or loss	3,872	4,932	1,154	87

Income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

12. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2012	**2011**
Profit net of tax attributable to owners of the parent (RM'000)	5,947	15,565
Weighted average number of ordinary shares in issue ('000)	137,330	135,000
Basic earnings per share (RM) (sen per ordinary share)	4.33	11.53
	=======	=======

(b) Diluted

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

13. Dividends

	Group and Company	
	2012	**2011**
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single tier dividend for 2011:		
2.5 sen per ordinary share	3,375	-
- Final single tier dividend for 2011:		
2.5 sen per ordinary share	3,375	-
- First and final single tier dividend for 2010:		
3.0 sen per ordinary share	-	4,050
	------	------
	6,750	4,050
	======	======
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM		
- Final single tier dividend:		
2.5 sen (2011: 2.5 sen) per share	3,881	3,375
	======	======

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2012 of 2.5 sen per ordinary share on 155,250,000 ordinary shares, amounting to a dividend payable of RM3,881,250 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2013.

14. Property, plant and equipment

	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Cost								
At 1 January 2011	37,012	1,909	26,665	931	396	155	426	67,494
Additions	1,016	970	3,867	323	84	7	1,731	7,998
Disposals	-	-	(3)	(48)	-	-	-	(51)
Written off	-	(264)	(391)	(39)	-	-	-	(694)
Transfer from capital work-in-progress	-	-	2,157	-	-	-	(2,157)	-
Reclassified to assets held for sale (Note 17)	(2,187)	-	-	-	-	(155)	-	(2,342)
At 31 December 2011	35,841	2,615	32,295	1,167	480	7	-	72,405
At 1 January 2012	35,841	2,615	32,295	1,167	480	7	-	72,405
Additions	229	1,771	1,386	406	27	314	360	4,493
Disposals	-	(154)	-	-	-	-	-	(154)
Acquisition of subsidiaries	-	4,772	11,124	774	298	-	912	17,880
Written off	-	(74)	(214)	-	(1)	-	-	(289)
At 31 December 2012	36,070	8,930	44,591	2,347	804	321	1,272	94,335
Accumulated depreciation								
At 1 January 2011	1,803	796	9,104	396	177	18	-	12,294
Depreciation charge for the year (Note 8)	791	407	3,650	148	57	4	-	5,057
Disposals	-	-	(3)	(42)	-	-	-	(45)
Reclassified to assets held for sale (Note 17)	(727)	-	-	-	-	(22)	-	(749)
Written off	-	(264)	(369)	(39)	-	-	-	(672)
At 31 December 2011	1,867	939	12,382	463	234	-	-	15,885
At 1 January 2012	1,867	939	12,382	463	234	-	-	15,885
Depreciation charge for the year (Note 8)	751	1,037	4,326	276	92	-	-	6,482
Disposals	-	(130)	-	-	-	-	-	(130)
Acquisition of subsidiaries	-	1,760	6,271	445	135	-	-	8,611
Written off	-	(74)	(214)	-	(1)	-	-	(289)
At 31 December 2012	2,618	3,532	22,765	1,184	460	-	-	30,559
Net carrying amount								
At 31 December 2011	33,974	1,676	19,913	704	246	7	-	56,520
At 31 December 2012	33,452	5,398	21,826	1,163	344	321	1,272	63,776

14. Property, plant and equipment (contd.)

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM4,494,182 of which RM559,000 were acquired by means of finance lease agreements. The carrying amount of motor vehicles of the Group held under finance leases at the reporting date was RM2,179,164 (2011: Nil).

	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
Company			
Cost			
At 1 January 2011	37	-	37
Additions	72	-	72
Disposals	(6)	-	(6)
At 31 December 2011	103	-	103
At 1 January 2012	103	-	103
Additions	9	351	360
At 31 December 2012	112	351	463
Accumulated depreciation			
At 1 January 2011	6	-	6
Depreciation charge for the year (Note 8)	9	-	9
Disposals	(2)	-	(2)
At 31 December 2011	13	-	13
At 1 January 2012	13	-	13
Depreciation charge for the year (Note 8)	17	33	50
At 31 December 2012	30	33	63
Net carrying amount			
At 31 December 2011	90	-	90
At 31 December 2012	82	318	400

15. Intangible assets

	Goodwill RM'000	Construction contracts RM'000	Power purchase agreement RM'000	Total RM'000
Cost				
At 1 January 2012	-	-	-	-
Acquisition of subsidiaries (Note 18)	24,051	9,917	2,510	36,478
At 31 December 2012	24,051	9,917	2,510	36,478
Accumulated amortisation				
At 1 January 2012	-	-	-	-
Amortisation (Note 8)	-	3,239	-	3,239
At 31 December 2012	-	3,239	-	3,239
Net carrying amount				
At 31 December 2012	24,051	6,678	2,510	33,239
At 31 December 2011	-	-	-	-

Goodwill

Goodwill will be tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired.

The Group's impairment test for goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing indicators for impairment.

The calculations of value-in-use are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated ef ciency movements.

Pre-tax discount rates – Discount rates reflect the current market assessment of the risk. In determining appropriate discount rates, regard has been given to average growth rate for the relevant industry.

As at the current financial year, the management did not identify impairment for cash-generating unit to which goodwill is allocated.

Construction contracts

Construction contracts relate to contract revenue awarded that were acquired in business combination. The contracts awarded classified as intangible asset will be amortised based on the percentage of completion of the respective contracts.

Power purchase agreement

Power purchase agreement relates to an agreement whereby the customer who awards the holder of the agreement a guarantee that the customer will purchase power produced by the holder for a period of twenty (20) years. The amortisation period of twenty (20) years will commence when the plant is commissioned.

16. Prepaid land lease payment

	Group	
	2012	**2011**
	RM'000	RM'000
Cost		
At 1 January	8,232	9,798
Reclassified to assets held for sale	-	(1,566)
At 31 December	8,232	8,232
Accumulated amortisation		
At 1 January	365	790
Amortisation for the year (Note 8)	212	237
Reclassified to assets held for sale	-	(662)
At 31 December	577	365
Net carrying amount	7,655	7,867
Amount to be amortised:		
Not later than 1 year	211	137
Later than 1 year but not later than 5 years	844	548
Later than 5 years	6,600	7,182

Included in prepaid land lease payment of the Group leasehold land with a carrying amount of RM2,339,202 (2011: RM2,404,680) which are mortgaged to secure the Group's borrowings (Note 24).

17. Assets held for sale

	Group	
	2012	**2011**
	RM'000	RM'000
At 1 January	2,497	-
Reclassified from prepaid land lease payment	-	904
Reclassified from property, plant and equipment	-	1,593
Disposal	(833)	-
At 31 December	1,664	2,497
Analysed as:		
Property, plant and equipment	1,097	1,593
Prepaid land lease payment	567	904
	1,664	2,497

18. Investment in subsidiaries

	Company	
	2011	**2010**
	RM'000	RM'000
Unquoted shares, at cost	164,248	82,130

Details of the subsidiaries are as follows:

Name of subsidiary	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest**	
			2012	**2011**
			%	%
Held by the Company:				
Universal Cable (Sarawak) Sdn. Bhd. *	Malaysia	Manufacture of and sale power cables and wires	100	100
Sarawak Power Solutions Sdn. Bhd. *	Malaysia	Dormant	51	51
Sarwaja Timur Sdn. Bhd. *	Malaysia	Manufacture, fabrication, galvanising and sale of steel structures	100	75
Trenergy Infrastructure Sdn. Bhd.*	Malaysia	General contractors and infrastructure development	100	-
PT. Inpola Mitra Elektrindo +	Indonesia	Designing, financing and construction of independent mini hydro power plant	65	-
Held through Sarwaja Timur Sdn. Bhd.:				
Sarwaja Engineering & Construction Sdn. Bhd. *	Malaysia	Undertake engineering and construction project	100	100

* Audited by Ernst & Young, Malaysia
\+ Audited by a firm other than Ernst & Young

18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries

(a) Acquisition of non-controlling interests in Sarwaja Timur Sdn. Bhd. ("STSB")

During the financial year, the Company acquired an additional 25% equity interest in STSB for a total cash consideration of RM11.3 million. As a result of this acquisition, STSB became a wholly-owned subsidiary of the Company and the entire profits attributable to STSB were accounted with effect from 1 January 2012, by virtue of full management control obtained by the Company in STSB. The following summarise the effect of the change in the Group's ownership interest in STSB on the equity attributable to owners of the parent:

	RM'000
Consideration paid for acquisition of non-controlling interest	11,313
Decrease in equity attributable to non-controlling interest	(12,332)
Increase in equity attributable to owners of the parent	1,019

(b) Acquisition of 65% equity interest in PT. Inpola Mitra Elektrindo ("IME")

On 30 January 2012, the Company acquired 65% equity interest in IME. IME is a limited liability company duly established under the laws of the Republic of Indonesia, and having its registered office at Gedung Taluson Lt. 4, J1. TP Soeroso No. 30, Menteng, Jakarta Pusat 10330, Indonesia.

IME was awarded a Power Purchase Agreement on 23 September 2010 by PT Perusahaan Listrik Negara ("PLN") Persero to design, finance and construct a mini hydro power plant in the North Sumatra area. PLN will purchase the electricity generated for a period of twenty years. The construction is expected to commence in 2013 and completed by 2015.

The provisional fair values of the identifiable assets and liabilities of IME as at the date of acquisition were:

	RM'000
Assets	
Property, plant and equipment	912
Intangible asset (Note 15)	2,510
Deferred tax asset	794
Other receivables	2,590
Cash and bank balances	170
	6,976
Total identifiable net assets	6,976
Non-controlling interests measured at proportionate share of total identifiable net assets	(258)
Gain on bargain purchase (Note 6)	(913)
Purchase consideration transferred	5,805

Effect of acquisition of IME on cash flows

Cash paid	5,805
Less: Cash and cash equivalents of subsidiary acquired	(170)
New cash outflow on acquisition	5,635

The transaction costs of RM102,300 have been expensed and are included in administrative expenses in profit or loss and are part of the operating cash flows in the statement of cash flows.

18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries (contd.)

(c) Acquisition of the entire equity interest in Trenergy Infrastructure Sdn. Bhd. ("TISB")

On 3 August 2012, the Company entered into a Share Sale Agreement to acquire the entire equity interest in TISB, a company in the business of general contractors and infrastructure development. The acquisition of TISB is a strategic move by the Group to expand and complement its existing range of products and services in the power transmission and distribution industry from the supply and manufacture of power cables, wires and steel structures to the construction, installation and commissioning of power transmission and distribution lines by increasing its market presence and foothold in the power transmission industry.

The provisional fair values of the identifiable assets and liabilities of TISB as at the date of acquisition were:

	RM'000
Assets	
Property, plant and equipment	8,357
Intangible asset (Note 15)	9,917
Trade and other receivables	74,044
Tax recoverable	1,984
Cash and bank balances	18,827
	113,129
Liabilities	
Borrowings	13,929
Trade and other payables	36,063
Other current liabilities	17,839
Deferred tax liabilities	4,349
	72,180
Total identifiable net assets	40,949
Goodwill arising from acquisition (Note 15)	24,051
Purchase consideration transferred	65,000

Cash and bank balances of TISB as at date of acquisition includes deposit with licensed banks amounted to RM16.4 million that were pledged to banks for borrowings granted. The deposit pledged are excluded from cash and cash equivalents of subsidiary acquired for the purpose of calculating effect of cash flows on the acquisition of TISB.

Effect of the acquisition of TISB on cash flows

	RM'000
Cash paid	65,000
Less: Cash and cash equivalents of subsidiary acquired	(2,425)
Net cash outflow on acquisition	62,575

From the date of acquisition, TISB has contributed RM 53.1 million of revenue and RM 3.8 million to the net profit before tax of the Group.

18. Investments in subsidiaries (contd.)

Acquisition of subsidiaries (contd.)

(c) Acquisition of the entire equity interest in Trenergy Infrastructure Sdn. Bhd. ("TISB")
The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of TISB with those of the Group. None of the recognised goodwill is expected to be deductible for income tax purposes.

The transaction costs of RM 1.2 million incurred for the acquisition of an additional equity interest in STSB and the entire equity interest in TISB have been expensed and are included in administrative expenses in profit or loss and are part of the operating cash flows in the statement of cash flows.

19. Inventories

	Group	
	2012	**2011**
	RM'000	RM'000
Cost		
Trading products	64	39
Raw materials	14,467	12,195
Work-in-progress	7,895	7,686
Finished goods	18,408	12,413
	40,834	32,333

20. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2012	**2011**
	RM'000	RM'000
Construction contract costs incurred to date	991,928	339,561
Attributable profits	93,287	26,021
	1,085,215	365,582
Less: Progress billings	(1,052,362)	(356,415)
	32,853	9,167
Presented as:		
Gross amount due from customers for contract (Note 22)	34,127	10,782
Gross amount due to customers for contract work (Note 26)	(1,274)	(1,615)
	32,853	9,167
Retention sums on construction contract included in trade receivables (Note 21)		
Current	45,245	26,719
Non-current	12,104	-
	57,349	26,719

20. Gross amount due from/(to) customers for contract work-in-progress (contd.)

	Group	
	2012	**2011**
	RM'000	RM'000
The costs incurred to date on construction contracts include the following charges during the financial year:		
Interest expense (Note 7)	564	-
Rental expenses for building	15	-
Employee benefits expense (Note 9)	1,460	-
Depreciation of property, plant and equipment	516	-

21. Trade and other receivables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	48,739	108,338	-	-
Retention sums on contracts (Note 20)	45,245	26,719	-	-
	93,984	135,057	-	-
Less: Allowance for impairment	(3,793)	(1,847)	-	-
Trade receivables, net	90,191	133,210	-	-
Other receivables				
Refundable deposits	320	125	60	36
Other receivables	1,773	1,643	-	-
Down payments	-	96	-	-
Advanced payment to subcontractors	1,411	-	-	-
Amount due from subsidiaries	-	-	3,323	1,646
Other receivables, net	3,504	1,864	3,383	1,682
Total trade and other receivables (current)	93,695	135,074	3,383	1,682
Non-current				
Trade receivables				
Retention sum on contracts	12,104	-	-	-
Less: Allowance for impairment	(2,492)	-	-	-
Trade receivables, net	9,612	-	-	-
Total trade and other receivables	103,307	135,074	3,383	1,682
Add: Cash and bank balances (Note 23)	30,301	9,488	384	7,646
Total loans and receivables	133,608	144,562	3,767	9,328

21. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2011: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012	**2011**
	RM'000	RM'000
Neither past due nor impaired	31,656	29,304
1 to 30 days past due not impaired	7,982	34,396
31 to 60 days past due not impaired	6,260	15,206
61 to 90 days past due not impaired	4,222	10,045
91 to 120 days past due not impaired	8,608	3,504
More than 121 days past due not impaired	22,639	30,682
	49,711	93,833
Impaired	24,721	11,920
	106,088	135,057

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 75.8% (2011: 47.1%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM49,711,052 (2011: RM93,833,000) that are past due at the reporting date but not impaired and are unsecured in nature.

21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired		Collectively impaired		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables nominal amounts	4,174	1,182	20,547	10,738	24,721	11,920
Less: Allowance for impairment	(2,521)	(1,182)	(3,764)	(665)	(6,285)	(1,847)
	1,653	-	16,783	10,073	18,436	10,073

Movement in allowance accounts for trade receivables:

	Group	
	2012	**2011**
	RM'000	RM'000
At 1 January	1,847	1,583
Acquisition of subsidiaries	4,095	-
Charge for the year (Note 8)	1,437	413
Reversal of allowance for impairment loss (Note 6)	(451)	(146)
Written off	(18)	(3)
Accretion of long term retention sum (Note 6)	(625)	-
At 31 December	6,285	1,847

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Other receivables that are impaired

At the reporting date, the Group and the Company have not provided any allowance for impairment for the other receivables.

(c) Amount due from subsidiaries

Amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

22. Other current assets

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	5,553	19,933	1,536	7,529
Gross amount due from customers for contract work (Note 20)	34,127	10,782	-	-
	39,680	30,715	1,536	7,529

23. Cash and bank balances

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	10,511	7,949	384	6,607
Deposits with licensed banks	19,790	1,539	-	1,039
Cash and bank balances	30,301	9,488	384	7,646

Deposits with licensed banks of the Group amounting to RM15,926,654 (2011: Nil) are pledged to banks for borrowings granted as referred in Note 24. The weighted average effective interest rates at the reporting date for the Group and the Company were 2.83% (2011: 2.75%) and 2.90% (2011: 2.90%) respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	10,511	7,949	384	6,607
Deposits with licensed banks	3,863	1,539	-	1,039
Borrowings - bank overdraft (Note 24)	(868)	-	-	-
	13,506	9,488	384	7,646

24. Loans and borrowings

	Maturity	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current					
Unsecured:					
Bankers' acceptances	2013	24,695	12,978	-	-
Revolving credit	2013	15,094	12,000	9,000	4,000
		39,789	24,978	9,000	4,000
Secured:					
Term loan	2013	9,600	-	9,600	-
Bankers' acceptances	2013	19,062	10,705	-	-
Revolving credit	2013	19,000	2,000	-	-
Obligations under finance lease (Note 31(b))	2013	685	-	-	-
Direct outward bill purchase	2013	2,530	-	-	-
Bank overdraft (Note 23)	2013	868	-	-	-
		51,745	12,705	9,600	-
Total current borrowings		91,534	37,683	18,600	4,000
Non-current					
Secured:					
Obligations under finance lease (Note 31(b))		1,707	-	-	-
Term loan	2014	30,400	-	30,400	-
Total non-current borrowings		32,107	-	30,400	-
Total borrowings		123,641	37,683	49,000	4,000

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 5.67% p.a. (2011: 6.01%) per annum

Bank overdraft

The bank overdraft of the Group is secured by fixed deposit pledged amounting to RM300,000 as referred in Note 23.

Direct outward bills purchase

This direct outward bills purchase facility of the Group is secured by assignment of contract proceeds for the project undertaken which are accumulated in deposit with licensed bank as referred in Note 23.

Bankers' acceptances and revolving credit

Certain bankers' acceptances and revolving credit of the Group which are granted by AmBank (M) Berhad and Bank Kerjasama Rakyat Malaysia Berhad are secured by assignment of contract proceeds for the projects undertaken which are accumulated in deposits with licensed banks as referred to Note 23.

24. Loans and borrowings (contd.)

Certain bankers' acceptances and revolving credit of the Group which are granted by RHB Bank Berhad are secured by:

(i) first legal charge over the land as referred in Note 16 ;
(ii) a debenture covering fixed and floating charge over present and future assets of the subsidiary; and
(iii) corporate guarantee from the Company.

The term loan of the Company is secured by negative pledge over 25% equity interest in STSB and the entire equity interest in TISB.

The interest rates of the Group and of the Company at the reporting date are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	%	%	%	%
Bank overdraft	8.10	8.10	-	-
Bankers' acceptances	3.56 - 4.30	3.26 - 4.25	-	-
Direct outward bills purchase	7.85 - 8.10	6.85	-	-
Revolving credit	4.40 - 4.90	4.30 - 4.70	4.40 - 4.69	4.41
Term loans	5.03 - 6.00	6.00	5.03	-

The remaining maturities of the borrowings as at 31 December are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
On demand or within 1 year	30,971	-	18,600	-
More than 1 year and less than 2 years	91,534	37,683	30,400	4,000
More than 2 years and less than 5 years	1,136	-	-	-
	123,641	37,683	49,000	4,000

25. Trade and other payables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	29,813	87,808	-	-
Other payables				
Accrued operating expenses	3,353	5,009	1,418	1,576
Other payables	3,599	2,224	430	46
Advance	-	431	-	-
Amount due to subsidiaries	-	-	4,318	4,793
	6,952	7,664	6,166	6,415
Total trade and other payables	36,765	95,472	6,166	6,415
Add: Loans and borrowings (Note 24)	123,641	37,683	49,000	4,000
Total financial liabilities carried at amortised cost	160,406	133,155	55,166	10,415

25. Trade and other payables (contd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 90 days (2011: 14 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2011: average term of 30 to 90 days).

(c) Amount due to subsidiaries

Included in amount due to a subsidiary are advances/loans from the subsidiary which bear interest between 3.47% to 4.26% (2011: 3.00% to 4.15%) per annum, having an average maturity of less than 12 months.

26. Other current liabilities

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Gross amount due to customers for contract work (Note 20)	1,274	1,615	-	-

27. Deferred tax

Deferred income tax as at 31 December 2012 and 2011 relates to the following:

	As at 1 January 2011	Recognised in profit or loss	As at 31 December 2011	Acquisition of subsidiaries	Recognised in profit or loss	Exchange difference	As at 31 December 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Deferred tax liability:							
Property, plant and equipment	6,633	326	6,959	749	(533)	-	7,175
Construction contracts	-	-	-	4,632	(2,364)	-	2,268
Others	40	55	95	(9)	(22)	-	64
	6,673	381	7,054	5,372	(2,919)	-	9,507
Deferred tax asset:							
Allowance for impairment losses	(776)	72	(704)	(1,023)	150	-	(1,577)
Unutilised reinvestment allowance	-	(305)	(305)	-	305	-	-
Unutilised tax losses	-	-	-	(794)	(89)	196	(687)
Others	(5)	(76)	(81)	-	31	-	(50)
	(781)	(309)	(1,090)	(1,817)	397	196	(2,314)
	5,892	72	5,964	3,555	(2,522)	196	7,193

27. Deferred tax (contd.)

	Group	
	2012	**2011**
	RM'000	RM'000
Presented after appropriate offsetting as follows:		
Deferred tax asset	(687)	-
Deferred tax liability	7,880	5,964
	7,193	5,964

28. Share capital and share premium

(a) Share capital

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2012	**2011**	**2012**	**2011**
	'000	'000	RM'000	RM'000
Company				
Authorised:				
At 1 January	200,000	200,000	100,000	100,000
Created during the year	300,000	-	150,000	-
At 31 December	500,000	200,000	250,000	100,000
Issued and fully paid:				
At 1 January	135,000	135,000	67,500	67,500
Issued during the year	20,250	-	10,125	-
At 31 December	155,250	135,000	77,625	67,500

During the financial year, the Company increased its:

(a) authorised ordinary share capital from RM100,000,000 to RM250,000,000 through the creation of 300,000,000 new ordinary shares of RM0.50 each; and

(b) issued and paid-up ordinary share capital from RM67,500,000 to RM77,625,000 by way of issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.52 per ordinary share and issuance of 10,125,000 new ordinary shares of RM0.50 each at an issue price of RM1.69 per ordinary share for cash.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Share premium

	2012	**2011**
	RM'000	RM'000
At 1 January	10,590	10,590
Issue of 10,125,000 ordinary shares of RM0.50 each at an issue price of RM1.52 each	10,327	-
Issue of 10,125,000 ordinary shares of RM0.50 each at an issue price of RM1.69 each	12,049	-
Share issuance expense	(1,183)	-
At 31 December	31,783	10,590

29. Revaluation reserve

The revaluation reserve represents surplus arising from the revaluation of buildings. At the date of transition to MFRS or 1 January 2011, the Group elected to regard the revalued amount of certain building revalued in 2007 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM452,389 was transferred to revenue reserves on date of transition to MFRS.

30. Revenue reserves

As at 31 December 2012 and 2011, the 108 balance of the Company is Nil. The Company may distribute dividends out of its entire revenue reserves under the single tier system.

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	240	153	240	-
Approved but not contracted for:				
Property, plant and equipment	13,468	9,993	5	-
	13,708	10,146	245	-

(b) Finance lease commitments

The Group has finance lease for motor vehicles (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Group	
	2012	**2011**
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	780	-
Later than 1 year but not later than 2 years	647	-
Later than 2 years but not later than 5 years	1,132	-
	2,559	-
Less: Amounts representing finance charges	(167)	-
Present value of minimum lease payments	2,392	-

31. Commitments (contd.)

(b) Finance lease commitments (contd.)

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows: (contd.)

	Group	
	2012	**2011**
	RM'000	RM'000
Present value payments:		
Not later than 1 year	685	-
Later than 1 year but not later than 2 years	571	-
Later than 2 years but not later than 5 years	1,136	-
Present value of minimum lease payments	2,392	-
Less: Amounts due within 12 months (Note 24)	(685)	-
Amount due after 12 months (Note 24)	1,707	-

32. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Sale of cables, conductors and steel structures to:				
- Related companies	46,378	23,826	-	-
- A company related to a director	-	55,367	-	-
Transmission line contract revenue:				
- Related companies	64,575	161,378	-	-
Rental and interest paid to subsidiary	-	-	523	-
Interest and rental income received from:				
- related company	34	-	-	-
Management fees received from:				
- Subsidiary	-	-	3,750	3,600
Purchase of raw materials from:				
- Related companies	65,983	47,523	-	-
Purchase of iron drums from:				
- Related companies	8	11	-	-

32. Related party transactions (contd.)

(a) Sale and purchase of goods and services (contd.)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Provision of construction services to:				
- Related companies	52,952	-	-	-
- A company related to a director	25,111	141,437	-	-
Purchase of battery and tyre for vehicles and car rental:				
- A company related to a director	18	21	-	-
Rental expense paid to				
- A company related to a director	-	30	-	30
Contract fees paid to a related company	10,362	-	-	-
Consultancy fees paid to company related to a director	175	-	-	-

Related companies:

These are subsidiaries and associates of major shareholders, namely, Sarawak Energy Berhad and Hng Capital Sdn. Bhd., excluding entities within the Group.

The related party transactions were entered into by the Group and the Company under mutually agreed terms.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	3,412	4,136	1,497	2,388
Contributions to defined contribution plan	432	396	192	201
	3,844	4,532	1,689	2,589
Included in the total key management personnel:				
Directors' remuneration (Note 10)	2,541	2,296	1,966	2,074

33. Fair value of financial instruments

The carrying amounts of the financial assets and liabilities approximate their fair value due to the relative short term maturity of these financial instruments.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting and do not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

- A nominal amount of RM15,225,000 (2011: RM10,000,000) relating to corporate guarantee provided by the Company to the banks on the subsidiaries bank loan.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
At 31 December 2012				
Financial liabilities:				
Trade and other payables	35,152	1,671	-	36,823
Borrowings	103,696	33,388	-	137,084
Total undiscounted financial liabilities	138,848	35,059	-	173,907
At 31 December 2011				
Financial liabilities:				
Trade and other payables	89,293	6,179	-	95,472
Borrowings	39,221	-	-	39,221
Total undiscounted financial liabilities	128,514	6,179	-	134,693
Company				
At 31 December 2012				
Financial liabilities:				
Trade and other payables	6,166	-	-	6,166
Borrowings	20,842	31,682	-	52,524
Total undiscounted financial liabilities	27,008	31,682	-	58,690
At 31 December 2011				
Financial liabilities:				
Trade and other payables	6,415	-	-	6,415
Borrowings	4,176	-	-	4,176
Total undiscounted financial liabilities	10,591	-	-	10,591

34. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM516,674 and RM245,741 (2011: RM141,311 and RM15,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia (RM). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 5.4% (2011: 25.7%) of the Group's raw material purchases are denominated in foreign currencies. The Group's trade payable balances at the reporting date have similar exposures.

Sensitivity analysis is not disclosed because the Group and the Company have no significant net exposure to foreign currency risk as at the reporting date.

35. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 40%. The Group includes within net debt, borrowings less cash and bank balances. Capital includes equity.

As at reporting date, the Group and the Company are not subjected to externally imposed capital requirements.

35. Capital Management (contd.)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Loans and borrowings	24	123,641	37,683	49,000	4,000
Less: Cash and bank balances	23	(30,301)	(9,488)	(384)	(7,646)
Net debt		93,340	28,195	48,616	(3,646)
Equity		151,045	119,825	114,796	88,726
Total capital		151,045	119,825	114,796	88,726
Capital and net debt		244,385	148,020	163,412	85,080
Gearing ratio		38.2%	19.0%	29.8%	N/A

36. Segmental information

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

(a) The sale of power cables and conductors segment supplies power cables and conductors components to consumers.

(b) The sale of galvanised steel products and transmission tower segment supplies galvanised steel products and transmission towers. It also offers galvanising services.

(c) The contract revenue segment involves supply, installation and commissioning of transmission line projects.

(d) The corporate segment is involved in Group-level corporate and management services.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. Segmental information (contd.)

	Sales of cables and conductors		Sales of galvanised products and transmission tower		Construction Contract revenue		Corporate		Elimination			Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**		**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Sales to external customers	93,713	123,487	58,735	56,966	116,130	187,857	-	-	-	-		268,578	368,310
Inter-segments sales	16,191	406	278	55	5,181	-	9,250	17,100	(30,900)	(17,561)	A	-	-
Total revenue	109,904	123,893	59,013	57,021	121,311	187,856	9,250	17,100	(30,900)	(17,561)		268,578	368,310
Results:													
Interest income	329	72	9	6	1,004	-	38	27	(272)	-	B	(1,108)	105
Dividend income	-	-	-	-	-	-	5,500	13,500	(5,500)	(13,500)	C	-	-
Depreciation and amortisation	(2,531)	(2,238)	(2,533)	(3,033)	(1,566)	-	(64)	(23)	-	-		(6,694)	(5,294)
Other non-cash expense	(1,194)	(19)	(415)	(1,477)	(7)	-	-	(3)	-	23	D	(1,616)	(1,476)
Segment profit/(loss)	3,706	6,687	4,122	11,582	7,426	9,575	(5,542)	(3,557)	-	-		9,712	24,287
Segment assets	124,548	152,645	91,756	111,404	133,287	-	12,262	17,372	(40,710)	(6,863)	E	321,143	274,558
Segment liabilities	49,543	76,296	40,208	61,875	65,594	-	55,155	10,416	(40,560)	(6,863)	F	169,940	141,724

36. Segmental information (contd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment interest income is eliminated on consolidation.

C Inter-segment dividend income is eliminated on consolidation.

D Other material non-cash expenses consist of the following item:

	2012 RM'000	**2011** RM'000
Reversal of impairment loss on investment in subsidiary	-	23

E The following item is added to/(deducted from) segment assets to arrive at total assets reported in the Group's statement of financial position:

	2012 RM'000	**2011** RM'000
Inter-segment assets	(40,710)	(6,863)

F The following items is added to/(deducted from) segment liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	2012 RM'000	**2011** RM'000
Inter-segment liabilities	(40,560)	(6,863)

37. Significant events

During the year, the Company completed the following proposals:

(i) Issue of 20,250,000 new ordinary shares of RM0.50 each as referred to in Note 28.

(ii) Acquisition of the remaining 25 % equity interest in STSB as referred in Note 18 (a).

(iii) Acquisition of 65% equity interest in IME as referred to in Note 18 (b).

(iv) Acquisition of the entire equity interest in TISB. as referred to in Note 18 (c).

38. Event occurring after the reporting date

On 4 April 2013, the Company proposed the following proposals:

(a) a renounceable rights issue of 77,625,000 new ordinary shares of RM0.50 each ("Rights Shares") at an issue price of RM1.00 per Rights Share on the basis of one Rights Share for every two existing ordinary shares of RM0.50 held in the Company at an entitlement date to be determined later ("Proposed Rights Issue"); and

(b) a bonus issue of 46,575,000 new shares ("Bonus Shares") to be credited as fully paid-up on the basis of one Bonus Share for every five existing ordinary shares of RM0.50 held in the Company after the Proposed Rights Issue at an entitlement date to be determined later, after obtaining the approvals from all relevant authorities and shareholders of the Company.

As at the date of this report, the Company is still preparing the application to Bursa Malaysia Securities Berhad for the above proposals.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 22 April 2013.

40. Supplementary information - breakdown of revenue reserves into realised and unrealised profits

The breakdown of the revenue reserves of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	RM'000	RM'000	RM'000
Total revenue reserves of the Company and its subsidiaries				
- Realised	114,005	84,454	5,388	10,636
- Unrealised	(4,821)	(2,484)	-	-
	109,184	81,970	5,388	10,636
Less: Consolidation adjustments	(29,933)	(2,935)	-	-
Revenue reserves as per financial statements	79,251	79,035	5,388	10,636

ANALYSIS OF SHAREHOLDINGS

as at 26 April 2013

Authorised share capital	:	RM250,000,000 divided into 500,000,000 ordinary shares of RM 0.50 each.
Issued and fully paid-up capital	:	RM77,625,000 divided into 155,250,000 ordinary shares of RM 0.50 each.
Class of shares	:	ordinary shares of RM 0.50 each.
Voting rights	:	one (1) vote per ordinary share.

Distribution scehdule of ordinary shares

Size of holdings	No. of holders	Total holdings	%
Less than 100 shares	6	102	#
100 - 1,000 shares	161	121,000	0.08%
1,001 - 10,000 shares	491	2,570,200	1.66%
10,001 - 100,000 shares	217	7,655,702	4.93%
100,001 to less than 5% of issued shares	81	52,388,000	33.74%
5% and above of issued shares	5	92,514,996	59.59%
Total	961	155,250,000	100.00%

less than 0.01%

SUBSTANTIAL SHAREHOLDERS

as per the Register of substantial shareholders as at 26 April 2013

		Direct		Indirect	
	Name	No. of shares held	%	No. of shares held	%
1	Sarawak Energy Berhad	29,109,998	18.75%	-	-
2	Dato Sri Mahmud Abu Bekir Taib	32,125,000 (1)	20.69%	18,990,000 (2)	12.23%
3	Central Paragon Sdn. Bhd.	18,990,000 (2)	12.23%	-	-
4	Yek Siew Liong	5,475,000	3.53%	18,990,000 (2)	12.23%
5	UF Jaya Sdn. Bhd.	-	-	18,990,000 (2)	12.23%
6	Baodi Development Sdn. Bhd.	-	-	18,990,000 (5)	12.23%
7	Yek Min Ek Sdn. Bhd.	-	-	18,990,000 (6)	12.23%
8	Dato Sri Yit Ming Yik @ Yek Min Ek	-	-	18,990,000 (6)	12.23%
9	Datin Sri Ting Phik Chai	-	-	18,990,000 (6)	12.23%
10	State Financial Secretary	-	-	29,109,998 (7)	18.75%
11	Delegateam Sdn. Bhd.	-	-	29,109,998 (7)	18.75%

Notes:
(1) Held through AmSec Nominees (Tempatan) Sdn. Bhd. are 16,890,000 shares.
(2) Deemed interested by virtue of their interest in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(3) Held through EB Nominees (Tempatan) Sdn. Bhd.
(4) Deemed interested by virtue of its interest in UF Jaya Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(5) Deemed interested by virtue of its interest in Baodi Development Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(6) Deemed interested by virtue of their interests in Yek Min Ek Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(7) Deemed interested by virtue of their interests in Sarawak Energy Berhad pursuant to Section 6A of the Companies Act, 1965.

LIST OF TOP THIRTY LARGEST SHAREHOLDERS

as at 26 April 2013

	Name	No. of shares held	%
1.	Sarawak Energy Berhad	29,109,998	18.75%
2.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmIslamic Bank Berhad for Dato Sri Mahmud Abu Bekir Taib (SCable)	20,125,000	12.96%
3.	EB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Central Paragon Sdn. Bhd (Kch)	16,890,000	10.88%
4.	Toh Chee Ching	14,389,998	9.27%
5.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmIslamic Bank Berhad for Dato Sri Mahmud Abu Bekir Taib (SCable)	12,000,000	7.73%
6.	Kenanga Nomines (Tempatan) Sdn Bhd Pledged securities account for Toh Chee Ching	5,900,000	3.80%
7.	Lembaga Tabung Angkatan Tentera Deutsche Trustees Malaysia Berhad for Eastspring Investments Growth Fund	5,000,000	3.22%
8.	Amanahraya Trusteee Berhad Public Islamic Optmal Growth Fund	4,985,300	3.21%
9.	Yek Siew Liong	4,750,000	3.06%
10.	Central Pargon Sdn Bhd	2,100,000	1.35%
11.	HSBC Niminees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	1.29%
12.	CIMEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Koh Kin Lip (MY0502)	1,894,800	1.22%
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Tiong Teck Mee (SIB)	1,459,800	0.94%
14.	Kenanga Nomines (Tempatan) Sdn Bhd Pledged securities account for Pui Chin Kim	1,315,000	0.85%
15.	Pui Siaw Min	1,300,000	0.84%

LIST OF TOP THIRTY LARGEST SHAREHOLDERS

as at 26 April 2013

Name		No. of shares held	%
16.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	1,150,000	0.74%
17.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,065,600	0.69%
18	Ching Seng Chai	990,000	0.64%
19.	AmSec Nominees (Tempatan) Sdn. Bhd. Amtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	901,900	0.58%
20.	Larico Infrastructure Sdn Bhd	824,400	0.53%
21.	Kiu Siu Ley	750,000	0.48%
22.	Kumpulan Wang Simpanan Guru-Guru	750,000	0.48%
23.	Kumpulan Wang Simpanan Guru-Guru	750,000	0.48%
24.	Yek Siew Liong	725,000	0.47%
25.	Datuk Fong Joo Chung	595,000	0.38%
26.	Hoo Ting Yen	582,900	0.38%
27.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Seah Chong Hean	566,400	0.36%
28.	Lim Kian Wat	500,000	0.32%
29.	Ling Soon Ting @ Soon Bing	500,000	0.32%
30.	Danice Endawie Ita	445,000	0.29%

DIRECTORS' INTEREST IN THE COMPANY

as at 26 April 2013

		Direct		Indirect	
	Name	**No. of shares held**	**%**	**No. of shares held**	**%**
1	Dato Sri Mahmud Abu Bekir Taib	32,125,000	20.69%	18,990,000 (1)	12.23%
2	Datuk Fong Joo Chung	595,000	0.38%	-	0.00%
3	Toh Chee Ching	21,439,998	13.81%	930,000 (3)	0.60%
4	Dato' Seri H'ng Bok San	125,000	0.08%	-	0.00%
5	Yek Siew Liong	5,475,000	3.53%	18,990,000 (2)	12.23%
6	Kevin How Kow	-	-	-	-
7	Dato' Ahmad Redza bin Abdullah	-	-	-	-
8	Erman bin Radin	101,800	0.07%	-	-
9	Kon Ted Liuk (alternate director to Dato' Seri H'ng Bok San)	-	-	-	-

Notes:

(1) Held through AmSec Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interested by virtue of their interest in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn Bhd and his spouse's interest pursuant to Section 6A and Section 134(12)(C) of the Companies Act, 1965 respectively.

LIST OF PROPERTIES as at 31 December 2012

Item No.	Name of Company	Location	Description	Tenure	Land/ Built-up area	Age of Building	Net Book Value RM'000
1	Universal Cable (Sarawak) Sdn Bhd	Lot 2271 Section 66, Pending Industrial Estate, 93756 Kuching, Sarawak	Two (2)-storey detached building	Leasehold interest 60 years expiring on 05.03.2041	42,571/ 37,709	31 years	1,664
2	Universal Cable (Sarawak) Sdn Bhd	Lot 767 Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, 93050 Kuching, Sarawak	Three (3) adjoining units of single storey factory, three (3)-storey administrative block, a single storey product warehouse, a raw material warehouse and a guard house	Leasehold interest 60 years expiring on 02.11.2063	261,348/ 121,766	4 years	19,918
3	Sarwaja Timur Sdn Bhd	Lot 342, Block 8, Muara Tebas Land District, Jalan Kampung Sejingkat, Off Jalan Bako, 93050 Kuching, Sarawak.	Three (3) storey Administrative block, Galvanising plant, Fabrication plant, warehouse, canteen and guard house	Leasehold interest 60 years expriring on 6.11.2049	7.246 ha	17 years	16,329

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of Sarawak Cable Berhad ("**SCB**" or "**the Company**") will be held at 360, Urban Resort Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 17 June 2013 at 11.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.

2. To declare and approve the payment of a first and final single tier dividend of 2.5 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2012. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM1,055,000 for the financial year ended 31 December 2012. **Resolution 2**

4. To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association and being eligible, offer themselves for re-election:
(i) Kevin How Kow **Resolution 3**
(ii) Dato' Ahmad Redza bin Abdullah **Resolution 4**

5. To consider and, if thought fit, to pass the following resolution: **Resolution 5**
"**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Dato' Seri H'ng Bok San @ H'ng Ah Ba, who is over the age of seventy (70) years, be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

6. To re-appoint Messrs. Ernst & Young as auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Resolution 6**

Special Business

7. To consider and, if thought fit, pass the following resolution as ordinary resolution:

- **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 7**

"**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To consider and, if thought fit, pass the following resolution as ordinary resolution:

- **Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate")** **Resolution 8**

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries ("SCB Group") to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of SCB Group as outlined in Section 3.2 on pages 3 to 8 of the Circular to Shareholders dated 23 May 2013 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

(i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and

(ii) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

(i) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act]; or

(iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT the Board of Directors of the Company ("the Board") be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents, and do all such acts and things as may be required or relevant for or in connection with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be imposed or permitted by the relevant authorities.

9. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final single tier dividend of 2.5 sen per ordinary share of RM0.50 each, in respect of the financial year ended 31 December 2012, if approved at the Fifteenth (15th) Annual General Meeting, will be payable on 26 July 2013 to depositors whose names appear in the Record of Depositors on 5 July 2013.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred to the depositor's securities account before 4.00 p.m. on 5 July 2013 in respect of transfer; and
(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

Chai Chin Foh (MIA 25916)
Voon Jan Moi (MAICSA 7021367)
Company Secretaries

Kuching, Sarawak
Dated : 18 May 2012

Explanatory Notes on Special Business:-

(a) Ordinary resolution no. 7 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed resolution no. 7, will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the Company's annual general meeting held on 11 June 2012 ("AGM 2012"). The Company did not utilize the mandate that was approved at the AGM 2012.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(b) Ordinary resolution no. 8 - Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature

Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a Shareholder Mandate.

The proposed resolution no. 8, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.2 on pages 3 to 8 of the Circular dated 23 May 2013 ("Circular"), which are necessary for the SCB Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the SCB Group or adversely affecting the business opportunities available to the SCB Group. Please refer to the Circular for further information.

Notes:

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *To be valid, the Form of Proxy, duly completed must be deposited at the registered office of the Company at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
3. *A member of the Company entitled to attend, speak and vote at this Annual General Meeting ("AGM") shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *A depositor whose name appears in the Record of Depositors as at 11 June 2013 shall be regarded as a Member of the Company entitled to attend this AGM or appoint a proxy to attend, speak and vote on his behalf.*

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SARAWAK CABLE BERHAD (Company No. 456400-V)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

Number of Share(s) held:

* I/We ..... (Name in full) ..... (*NRIC/Company No.)

of ..... (Address)

being *a member/members of **Sarawak Cable Berhad ("the Company")** hereby appoint .....

(Name in full) ..... (*NRIC/Passport No.) or failing *him/her, ...

(Name in full) ..... (*NRIC/Passport No.) or the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifteenth (15th) Annual General Meeting of the Company to be held at 360, Urban Resort Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 17 June 2013 at 11.00 a.m. and, at any adjournment thereof for/against the resolution(s) to be proposed thereat.

*My/Our proxy is to vote as indicated below :

No.	Resolutions	For	Against
1	To declare and approve the payment of a first and final single tier dividend of 2.5 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2012.		
2	To approve the payment of Directors' fees for the financial year ended 31 December 2012.		
3	To re-elect Kevin How Kow as Director.		
4	To re-elect Dato' Ahmad Redza bin Abdullah as Director.		
5	To re-appoint Dato' Seri H'ng Bok San @ H'ng Ah Ba as Director.		
6	To re-appoint Messrs. Ernst & Young as auditors for the ensuring year.		
7	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature.		

** Delete whichever is not desired*

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

The proportions of my/our holdings to be presented by my *proxy/our proxies are as follows:-

First named proxy	%
Second named proxy	%
	100%

In case of a vote taken by a show of hands, the first named proxy shall vote on *my/our behalf.

Dated this ..... day of ....., 2013

.....

Signature of shareholder(s)/common seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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AFFIX
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The Company Secretary

SARAWAK CABLE BERHAD
(Company No. 456400-V)

Registered Office
Lot 767, Block 8, Muara Tebas Land District
Demak Laut Industrial Estate Phase III, Jalan Bako
93050 Kuching, Sarawak, Malaysia.

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www.sarawakcable.com

SARAWAK
CABLE
BERHAD
(456400-V)

Sarawak Cable Berhad
(Company No. 456400-V)

Registered Office
Lot 767, Block 8, Muara Tebas Land District,
Demak Laut Industrial Estate Phase III,
Jalan Bako, 93050 Kuching, Sarawak, Malaysia.

Tel : **+6 082 433 111**
Fax : **+6 082 433 311**

QUALITY SYSTEM
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