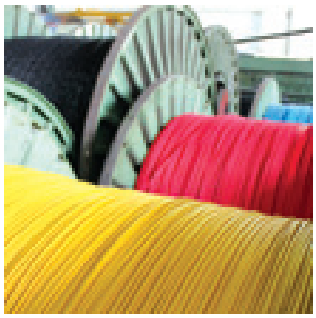
QUALITY
RELIABILITY
SUSTAINABILITY

SARAWAK
CABLE
BERHAD
(Company No. 456400-V)

ANNUAL REPORT **2014**

CONTENTS



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

CORPORATE PROFILE

POWER CABLES AND WIRES

We are the single largest and most acclaimed cable & wire producer in Malaysia and South East Asia. Our power cables and wires are synonymous with Quality and Reliability, not just in the calibre of its products but also in its establishment as a world-class cable manufacturer. We have recently acquired two (2) subsidiaries which have been involved in the cable and wire business for more than thirty eight (38) glorious years. It has continued to gain prominence both in Malaysia and overseas for its advanced technology and extensive range of cable products, which predominantly includes underground power cables ranging from Low Voltage up to 275kV Extra High Voltage (EHV), overhead power transmissions conductors, instrumentation and control cables, optical fibre and copper telecommunications cables, aluminium corrugated and lead sheathed cables, fire resistant flame retardant cables, premises & industrial cables, and related cable accessories.

Our competitive edge as the leading cable and wire manufacturer in the region lies in our capability in manufacturing technologies, excellence in providing quality products and commitment in meeting customers' diverse requirements. Our technical capabilities are augmented through past strategic alliances and collaborations with renowned cable and accessories makers. These collaborations have enabled us to grow and become a technology provider in our own rights. Besides providing cable and wire products, we are also capable of providing consultants and turnkey solutions for Extra High Voltage cable systems. We have grown form strength to strength and has become a stronger brand name internationally in the cable and wire industry whilst at the same time, become a dominant manufacturer and supplier in the local cable industry with an impressive supply track record.

Our cable and wire products and its state-of-the-art manufacturing and testing facilities have received numerous approvals, recognitions and accreditations from prominent local and global Authorities as well as Certification and Accreditation bodies. With accreditations from KEMA (Netherlands), CESI (Italy), ABS (USA), Llyods (UK), TUV-PSB (Singapore), SIRIM (Malaysia), Kinetics (Canada), and SECRI (China), our products are approved by major power utilities and telecommunications' companies all over the world. These approval and recognitions have boosted us to be on par with the standards of renowned cable & wire manufacturer globally.

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 are undertaking the turnkey transmission line project including design, supply, and installation and commissioning of transmission line projects.

CHAIRMAN'S STATEMENT

GROWTH

The industry continued to be challenging in 2014, with increasing competition in the market. With the ever expanding power transmission distribution and, a maturing industry, we are continuously exploring and scrutinizing the solutions to increasingly strengthening our position in the market. Each year new entrants are emerging with more competitive pricing which could potentially pose a long term threat to Sarawak Cable Berhad ("Sarawak Cable" or "the Company" or "the Group").

As part of our strategy to strengthen the Group, with the completion of the corporate exercise in the second half of 2014, Leader Cable Industry Berhad ("LCIB") and Universal Cable (M) Berhad ("UCMB") became wholly owned subsidiaries of the Group. LCIB and UCMB are major cable manufacturers in Malaysia and have been involved in the manufacturing of power and telecommunication cables for more than thirty (30) years, producing an extensive range of power, telecommunication and other specialty cables.

The Group is also proud to announce that in 2014, the Group was awarded contracts for establishment of 132kV Single Circuit Loop In/Out PMU 132/33kV Enstek from KLIA-Salak Tinggi transmission line project with contract value of Ringgit Malaysia Fourteen Million Six Hundred Seventy One Thousand Eight Hundred and Twenty Five Only (RM 14,671,825.00), local portion of the 2 x 300MW Balingian Coal-Fired Power Plant for Power Island Engineering, Procurement and Construction Works with contract value of Ringgit Malaysia Four Hundred Ninety Three Million Only (RM493,000,000.00) and contract for Engineering, Procurement, Construction and Commissioning for the development of Pengerang 275kV Overhead Transmission Line from Pengerang Cogeneration Plant to Peninsular Malaysia Grid and 275kV/132kV Pengerang Substation project with contract value of Ringgit Malaysia Two Hundred And Fifty Seven Million Eighteen Thousand Seven Hundred Thirty One and Sen Fifty Nine Only (RM257,018,731.59). These contracts are expected to contribute positively to the earnings and net assets of the Group for the forthcoming financial years.

GROUP PERFORMANCE

We brought the year to a close with revenues of RM 339.4 million and profits after tax of RM 25.94 million. The power cables and conductors segment has recorded significant and promising growth.

This commendable result has increased the basic earnings per share from 0.40 sen to 9.14 sen, while the combined results and consolidation of the financial position of LCIB and UCMB has increased the net asset per share from 80 sen to 94 sen.

"We have made steady progress in our journey"

DIVIDEND PAYMENT

The Board of Directors ("the Board") is pleased to recommend for shareholders' approval at the forthcoming Seventeenth (17th) Annual General Meeting a first and final single-tier tax-exempt dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2014.

Sarawak Cable adopts a dividend policy which seeks to allow our shareholders to participate in the profits of our Group.

The Group will also continue to adopt aggressive dividend policy through adoption of active capital management to maximise distribution of its earnings, after setting aside sufficient funding for capital expenditure and working capital requirements.

If approved, Sarawak Cable would have declared and delivered a total of 14.5 sen per share in cumulative dividends since the initial public offerings in 2010, amounting to a total payout of RM 26.29 million to shareholders.

STEADY JOURNEY

I am pleased to report that we have made steady progress in our journey upon completion of the Company's initial public offerings. We have invested significantly and made aggressive acquisition of new subsidiaries in expansion of the Group and with the positive momentum, we are on the right path to excellence.

CORPORATE GOVERNANCE

The Board is committed to uphold and implement highest standards of corporate governance and best practices in implementing its business strategies and operations. The Group's corporate governance initiatives and internal control policies are detailed in the relevant sections of this Annual Report.

CORPORATE RESPONSIBILITY

The Group recognises that good corporate responsibility practices create long-term value for our shareholders and other stakeholders. During the year under review, we fulfil our commercial objectives towards our shareholders while meeting our stakeholders' expectations for responsible business practices of our activities. Sarawak Cable will continue to undertake corporate responsibility initiatives for worthy causes.

Our activities in 2014 are detailed in the relevant sections of this Annual Report.

OUTLOOK AND PROSPECTS

With the acquisition of LCIB and UCMB, we plan to streamline our production capabilities to increase and optimise the efficiency in manufacturing capacity and enhancement in products quality, with the ultimate aim of expanding business locally and internationally.

We are positive that with the streamlined operations and more focused plant management and operations, the management of the Group is confident that further improvement in efficiency and quality enhancement can be achieved.

APPRECIATION

On behalf the Board, I wish to convey my heartfelt appreciation to our shareholders, customers, business associates and bankers for their firm and on-going support.

I would like to express my thanks to the regulatory and government authorities for their help, especially to Bursa Malaysia Securities Berhad for their guidance.

I would especially like to thank Sarawak Cable's dedicated leadership team and employees, for all their dedication and hard work. The Board truly appreciates your efforts to us of another good year.

I would also like to thank my fellow Board members for their worthy wise counsel, insights and wisdom in leading the Group forward.

Dato Sri Mahmud Abu Bekir Taib
Chairman

MESSAGE FROM GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

It was a significant and exciting year for the Group to make bold and daring steps by acquisition of two (2) new subsidiaries, namely LCIB and UCMB.

The enlarged Group will build a strong platform for us to be the leader in Malaysia and expand to our neighbouring country.

FINANCIAL HIGHLIGHTS

The highlights of our performance in 2014 are summarised as follows:

- Highest profit after tax of RM 25.94 million
- Highest revenue generated from sales of power cables and wires of RM 154.67 million
- Highest net assets per share of 94 sen
- Earning per shares increase to 9 sen
- Price earnings ratio at 15.7 times as at 31 December 2014

OUTLOOK AND PROSPECTS

Demand of electricity continue to grow in the past years and expected to accelerate the development and investment on the infrastructure of power sector in Malaysia as well as globally. We had created and established a full scale operation to gear up as a one stop power solutions provider and taking a strong present in the shining industry.

The implementation of the 11th Malaysian Plan will give further impetus of growth; Sarawak especially, with the strong interest and investment on the development of Sarawak Corridor of Renewal Energy will reward us as we expand our capability and established a larger capacity both in supplies and contracts.

The opportunities ahead will definitely contribute higher and better profit for the group. This will also translate to improve shareholder wealth and value.

ACKNOWLEDGE AND APPRECIATION

We have continuously made efforts to widen, integrate and enhance the skills of our dedicated employees by encouraging the management, executive and technical staffs to attend seminars, training and workshops. We believe that better equip employees will further strengthen the Group, shape Sarawak Cable's future and deliver stronger and improved shareholder value.

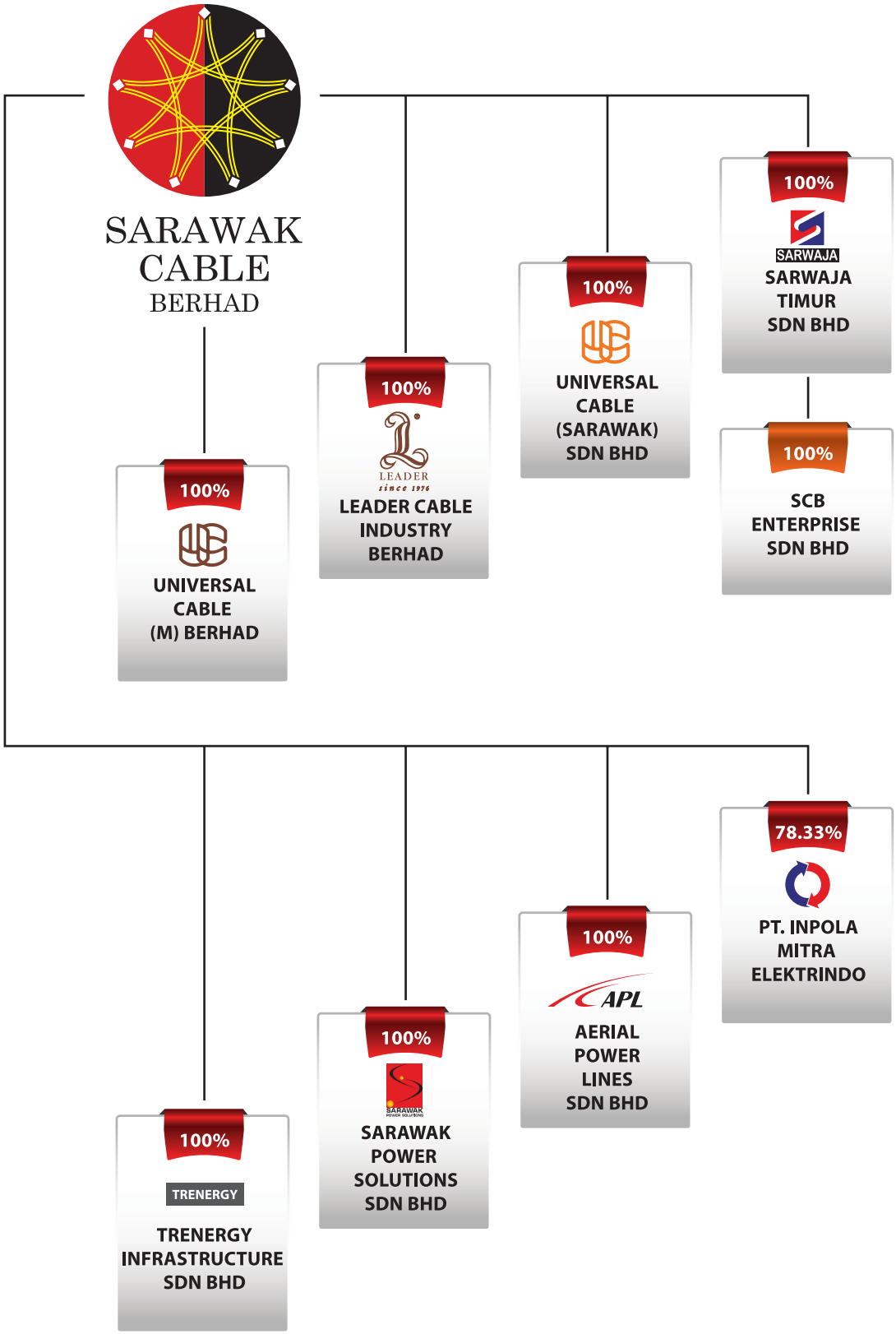
We are proud of our employee's dedication and commitment which had translated our Group to be a market leader in the industry.

i would like to thank our shareholders, stakeholders, customers, business associates, bankers, regulatory and government authorities for their continuous and on-going support.

I would like also to thank my fellow Board members for their support, collective wisdom and guidance.

Toh Chee Ching
Group Managing Director/ Chief Executive Officer

GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Dato Sri Mahmud Abu Bekir Taib	*Non-Independent Non-Executive Chairman*
2. Datuk Fong Joo Chung	*Non-Independent Non-Executive Deputy Chairman*
3. Toh Chee Ching	*Group Managing Director / Chief Executive Officer*
4. Tan Sri Dato' Seri H'ng Bok San	*Non-Independent Non-Executive Director*
5. Yek Siew Liong	*Non-Independent Non-Executive Director*
6. Datuk Kevin How Kow	*Independent Non-Executive Director*
7. Dato' Ahmad Redza bin Abdullah	*Independent Non-Executive Director*
8. Erman bin Radin	*Independent Non-Executive Director*
9. Kon Ted Liuk	*Alternate Director to Tan Sri Dato' Seri H'ng Bok San*

SECRETARY

Teoh Wen Jinq [MIA 25770]

AUDITORS

Messrs. Ernst & Young

SOLICITORS

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

PRINCIPAL BANKERS

AmBank Berhad
AmIslmaic Bank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Kenanga Investment Bank Berhad
Maybank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
RHB Bank Berhad

SHARE REGISTRAR

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 Darul Ehsan
Tel No : 603-7841 8000
Fax No : 603-7841 8152
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: 082-434311
Fax No: 082-435311

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 51 was appointed to the Board of Sarawak Cable 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 ("CMSB") and a major shareholder of CMSB. He is primarily responsible for overseeing the infrastructure development arm of the CMSB group of companies and sits on the Board of Directors of several key subsidiary companies of CMSB.

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 ten (10) years.

During the financial year ended 31 December 2014, he has attended four (4) out of five (5) Board meetings held.

PROFILE OF DIRECTORS

Datuk Fong Joo Chung

Datuk Fong Joo Chung, Malaysian aged 65 was appointed to the Board of Sarawak Cable 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 Bhd, our wholly-owned subsidiary.

He is currently the Non-Independent Non-Executive Director of Sarawak Energy Berhad and Non-Independent Non-Executive Director of Bintulu Port Holdings Berhad. He presently sits on the Board of Directors 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 ten (10) years.

During the financial year ended 31 December 2014, he has attended all five (5) Board meetings held.

Toh Chee Ching

Toh Chee Ching, Malaysian, aged 53 was appointed to the Board of Sarawak Cable 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 ten (10) years.

During the financial year ended 31 December 2014, he has attended all five (5) Board meetings held.

PROFILE OF DIRECTORS

Tan Sri Dato' Seri H'ng Bok San

Tan Sri Dato' Seri H'ng Bok San, Malaysian, aged 75 was appointed to the Board of Sarawak Cable 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 (3) 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 (5) years.

In 1976, he founded LCIB and implemented a restructuring and merger exercise between LCIB and UCMB 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 Executive Chairman of LEADER Group, a member of HNG Capital Sdn Bhd. To date, he has over forty (40) years of experience in the manufacturing and marketing of power cable and telecommunication cables.

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 and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past ten (10) years.

During the financial year ended 31 December 2014, he has attended three (3) out of five (5) Board meetings held.

Yek Siew Liong

Yek Siew Liong, Malaysian, aged 55 was appointed to the Board of Sarawak Cable 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 with 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 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 and has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past ten (10) years.

During the financial year ended 31 December 2014, he has attended four (4) out of five (5) Board meetings held.

PROFILE OF DIRECTORS

Datuk Kevin How Kow

Datuk Kevin How Kow, Malaysian, aged 66 was appointed to the Board of Sarawak Cable 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 Singapore Chartered Accountants. 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 had no convictions for any offences within the past ten (10) years.

During the financial year ended 31 December 2014, he has attended all five (5) Board meetings held.

Dato' Ahmad Redza bin Abdullah

Dato' Ahmad Redza bin Abdullah, Malaysian, aged 51 was appointed to the Board of Sarawak Cable 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 ten (10) years.

During the financial year ended 31 December 2014, he has attended four (4) out of five (5) Board meetings held.

PROFILE OF DIRECTORS

Erman bin Radin

Erman bin Radin, Malaysian, aged 37 was appointed to the Board of Sarawak Cable 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 Assistant in Taiyo Yuden (Sarawak) Sdn Bhd in 2000 and subsequently joined Amrtur Corporation Sdn Bhd, Brunei Darussalam 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. In addition, he conducts in-house information technology training to the company's staff, and plays an integral role in overseeing the overall information technology system of the company.

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 ten (10) years.

During the financial year ended 31 December 2014, he has attended four (4) out of five (5) Board meetings held.

Kon Ted Liuk

Kon Ted Liuk, Malaysian, aged 61 was appointed to the Board of Sarawak Cable as alternate Director to Tan Sri Dato' Seri H'ng Bok San 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.

He is currently the Senior Managing Director, metal division of the LEADER Group, a member of HNG Capital Sdn Bhd. HNG Capital Sdn Bhd is a substantial shareholder of the Company. He has been with the LEADER Group of Companies for the past thirty two (32) years and has extensive experience and knowledge of the cables and wires industry.

He also sits on the board of several 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 ten (10) years.

During the financial year ended 31 December 2014, he has attended four (4) out of the five (5) 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 2014 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 24 April 2015.

ACHIEVEMENTS AND MILESTONES

Major achievements and milestones of the Company:

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.

Year	Achievements and Milestones
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"). • The Company 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 the Company 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.
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 the Company. • Signed a Conditional Sales and Purchase Agreement to acquire 65% equity interest in IME.
2012	• Completed acquisition of 65% equity interest in IME. • 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. • Increased equity interest in IME to 78%. • Commencement in construction of 11MW mini hydro power plant in North Sumatra, Indonesia. • Awarded 500kV Backbone Transmission Line Project in the State of Sarawak for Package B and C amounting to RM619 million.
2014	• Kick start on the work for aerial power lines business and acquisition of three (3) helicopters to support the operations. • Awarded 132kV Single Circuit Loop In/Out PMU 132/33kV Enstek from KLIA-Salak Tinggi transmission line project. • Awarded for for the local portion of the project works for 2 x 300MW Balingian Coal-Fired Power Plant For Power Island Engineering, Procurement and Construction Works. • Awarded contract for Engineering, Procurement, Construction and Commissioning for the Development of Pengerang 275kV Overhead Transmission Line from Pengerang Cogeneration Plant to Peninsular Malaysia Grid and 275kV/132kV Pengerang Substation. • Completed acquisition of 100% equity interest in Leader Cable Industry Berhad and Universal Cable (Malaysia) Berhad.
2015	• Awarded contract for establishment of 275KV AIS Tanjung Langsat Industrial Estate Switching Station, Johore.

CORPORATE SOCIAL RESPONSIBILITIES

With Love, We Care

Making A Difference Together

The year 2014 marks another milestone for which the Company has successfully fulfilled its responsibilities to an expanding, responsive community. Through the Group CSR Committee and their ongoing Corporate Social Responsibilities ("CSR") motto, "**With Love, We care**", the Company has established meaningful partnerships with various organizations. It is our unwavering belief that joint CSR initiatives strengthen communal ties while addressing current social issues that need urgent resolving.

This year saw the Company championing the well-being of our four-legged friends, senior citizens, and so on. Here at the Company, we take our CSR seriously and encourage all employees to participate in our initiatives. It is with pride and pleasure that we continue our journey through corporate citizenship, simply because we **Love**. And we **Care**.

Going the Distance

It was a memorable night indeed for the Group CSR Committee, who had the time of their lives at the WAG Music Festival Gala Dinner 2014. This event was organised by the Sarawak Society for the Prevention of Cruelty to Animals (SSPCA) at the Borneo Convention Centre (BCCK) to raise funds for their upcoming *SSPCA Animal Village*: A state-of-the-art, three-acre site that will replace their current animal shelter. All in all, the Group donated RM3,000 and will continue assisting the dedicated management and caretakers of this wonderful cause, in whatever way we can.

CORPORATE SOCIAL RESPONSIBILITIES

A Day With The Elderly

In another generous gesture from the Company, a 'Gotong Royong' project was initiated on 22 November 2014, at the Home of Peace (HOPE) Old Folks Home located at Jalan Landeh, Off 10th Mile Penrissen Road, Kuching. The 20-person strong team lead by the Group CSR Committee, were greeted by Sr. Eunice and Sr Ursula (caretakers) and then assigned to clean the sick wards, dining hall, and compound area of the premises.

In addition, the Group also donated a total of RM10,000 to HOPE in aid of recent renovations, new medical equipment and general up-keep of their residents. The cheque was presented to Sr. Eunice of HOPE by Mr. Bernard Chai, CSR Committee Chairman, along with 'ang pows' and 'sarongs' for the residents. It was a meaningful experience for everyone involved. This fellowship visit cum 'gotong royong' is the first of many more to come for the Company, in accordance to our CSR motto: "With Love, We Care".

CORPORATE SOCIAL RESPONSIBILITIES

Encouragement given to primary school, secondary school, undergraduate and post graduate university students

The Group places much emphasis on academics and the education of the young and upcoming generation. Therefore we strive to aid as many higher-learning students as possible with their events, surveys, thesis writing and their research and development programme. As of 2014 we have responded to many universities in Malaysia, namely Univesity of Malaya, Universiti Sains Malaysia, Universiti Utara Malaysia, Universiti Technology Mara and Universiti Putra Malaysia.

Primary and secondary level students with parents working at the Group are not left out of the loop. Exceptional students are constantly rewarded for their academic achievements in UPSR and SPM. This encourages them to continue striving for academic excellence in their examinations.

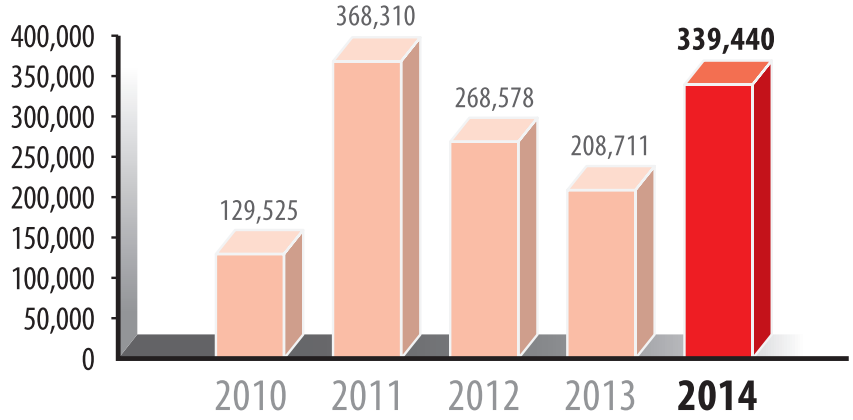
One Drop, One Life

Since 2012, the Group has contributed to various public health campaigns, as we are fully aware how the simplest of gestures can make a huge difference. This year in conjunction with the publishing of "Titik Merah", Sarawak Blood Donors Society (SBDS)'s official magazine, RM2,000 was sponsored as part of a corporate advertisement placement package. The cheque was presented by Ms. Chrislynn Siaw, Secretary of the Group CSR Committee to a representative of SBDS.

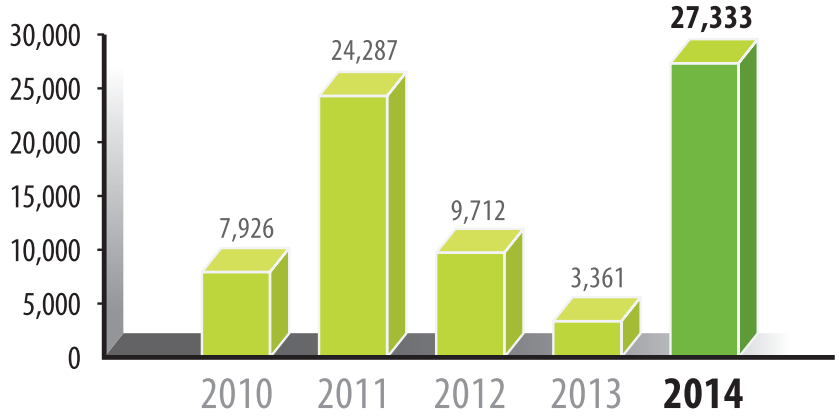
Recent events also saw the Group CSR Committee representatives donating blood at the CityOne Shopping Mall, Kuching on 19 April 2015. The initiative was in support of SBDS and Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd. (ABMS)'s continuous commitment to save lives via blood transfusion, while promoting public awareness on the subject.

FINANCIAL REVIEW

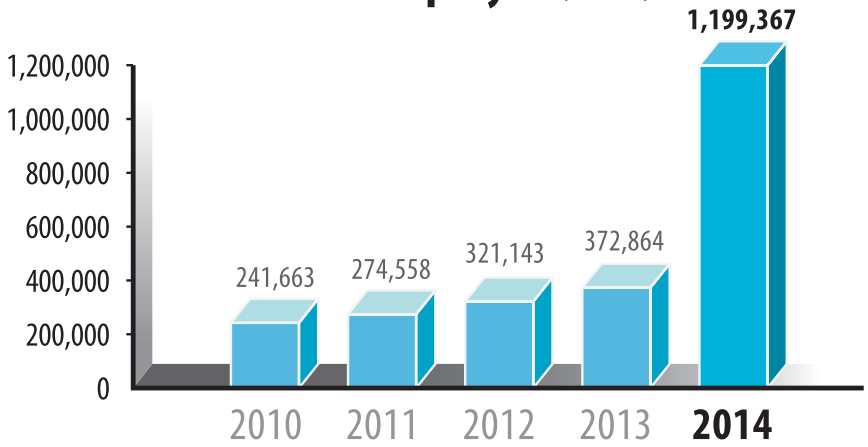
Revenue (RM'000)



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:

Datuk 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 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

- 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.
- 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;
    - (c) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

Objectives of the Committee

- 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.
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.
- 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.
- To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the internal and external auditors.
- To enhance the independence of the internal audit functions.

AUDIT COMMITTEE REPORT

Functions of the Committee

- To consider the nomination, appointment, re-appointment, resignation and dismissal of external auditors, the auditors' remuneration and any questions of resignation or dismissal.
- To consider whether there is reason (supported by grounds) to believe that the external auditors of the Group and the Company are not suitable for re-appointment.
- 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.
- To review the audit reports prepared by the external auditors, the major findings and the management's responses thereto.
- To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to bring up.
- To review the quarterly and annual financial statements of the Group and the Company 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 Group's and the Company's employees to the internal and external auditors.
- To review any related party transaction and conflict of interest situation that may arise within the Group or the Company 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 authorised to:

- investigate any activity/matter within its terms of reference and shall have unrestricted access to all employees of the Group and the Company;
- 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 Group and the Company;
- 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 Group and the Company.

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 Group and the Company.

AUDIT COMMITTEE REPORT

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 Group and the Company, at least twice a year.
- The Secretary to the Committee shall be the company secretary.
- 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 2014

During the financial year ended 31 December 2014, the Committee held five (5) meetings, on 24 February 2014, 21 April 2014, 27 May 2014, 25 August 2014 and 24 November 2014 and the attendance of each member of the Committee are as follows:

Independent Non-Executive Directors	***Attendance***
Datuk Kevin How Kow - Chairman	5/5
Dato' Ahmad Redza bin Abdullah – Member	4/5
Erman bin Radin – Member	4/5

The Committee held one (1) meeting with the external auditors on 24 February 2014 without the presence of management to discuss the results of the audit, extent of cooperation provided by the Company and officers and any other observations that they may have during the annual audit.

Summary of activities of the Committee in financial year ended 31 December 2014

- Reviewed and approved the audit plans with the internal and external auditors.
- Reviewed the assistance given by the Group's and Company's offices 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 of the Group and of the Company prior to making a recommendation to the Board for approval and public release thereof.
- Reviewed the audited financial statements of the Group focusing on accounting policy and financial reporting standards as well as the Group's performance, prior to making a recommendation to the Board for approval.
- Reviewed related party transactions and procedures.
- Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report 2013.

This Statement is made in accordance with a resolution of the Board dated 24 April 2015.

STATEMENT ON CORPORATE GOVERNANCE

The 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 ("the Code") at all times to safeguard the interests of shareholders and enhance shareholders' value.

The Code has served 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.

THE BOARD

The Board Balance and Independence

The Board consists of nine (9) members, comprising eight (8) Non-Executive Directors (including the Chairman) and one (1) Executive Director. Of the eight (8) Non-Executive Directors, three (3) are independent 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, business, general management and strategy that has been the essence for the successful direction of the Group.

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.

The profile of each Director is set out under the section "Profile of Directors" contained in this Annual Report.

Recommendation 3.5 of the Code states that the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. This may require an increase in the current size of the Board. 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 size, there is no disproportionate imbalance of power and authority on the Board between the non-independent and independent directors. Nevertheless, the Board will continue to monitor and review the Board size and composition from time to time.

The Board has yet to adopt a diversity policy or target for the Board and the workforce. Board membership is dependent on each candidate's skills, experience, core competencies and other qualities as well as the needs of the Company for the time being, regardless of gender. The Board does not consider gender to be a bar to Board membership. The Board recognises the value of woman member of the Board. While compliance with the Code is voluntary, the Board will continue to assess the needs to adopt a diversity policy for the Board and the workforce in terms of age, gender and ethnicity.

The Board acknowledges that its Directors may be invited to become directors of other companies and that exposure to other organisations can broaden the experience and knowledge of its Directors which will benefit the Group. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance and contributions as a member of the Board.

Thus far, the Board is satisfied with the level of time commitment given by all the Directors in fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by their attendance at the meetings of the Board and the Board Committees.

All the Independent Non-Executive Directors fulfil the criteria of independence as defined in the Listing Requirements. The Board through the Nomination Committee has assessed the Independent Director and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company. The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

The tenure of an Independent Non-Executive Director shall not exceed a consecutive or cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Non-Executive Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to retain as an Independent Non-Executive Director, the Board shall first justify and obtain shareholders' approval. None of the Independent Non-Executive Directors has served the Company exceeding a cumulative or consecutive terms of nine (9) years.

STATEMENT ON CORPORATE GOVERNANCE

Role 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 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 Board members.

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

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. The Board Charter is made available on the Company's website www.sarawakcable.com to be in line with Recommendation 1.7 of the Code and will be reviewed and updated to ensure it remains consistent with the Board's objective and responsibilities.

The Board is committed to conducting its business in accordance with the upmost standards of business ethics and complying with the law, rules and regulations. The Board is guided by the Directors' Code of Ethics established by the Companies Commission of Malaysia in discharging its oversight role effectively.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders, including suppliers, customers and other organizations. Company's strategies on promoting sustainability has been formulated and documented.

The Group's activities to promote sustainability during the financial year under review are set out under the section "Corporate Social Responsibilities" contained in this Annual Report.

Board meetings

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

There were five (5) Board meetings held in the financial year ended 31 December 2014 and details of the attendance of each Director are as follows:

Directors	Attendance
Non-Executive	
Dato Sri Mahmud Abu Bekir Taib (Chairman)	4/5
Datuk Fong Joo Chung	5/5
Tan Sri Dato' Seri H'ng Bok San	3/5
Yek Siew Liong	4/5
Datuk Kevin How Kow	5/5
Dato' Ahmad Redza bin Abdullah	4/5
Erman bin Radin	4/5
Kon Ted Liuk (Alternate Director to Tan Sri Dato' Seri H'ng Bok San)	4/5
Executive	
Toh Chee Ching	5/5

All proceedings, matters arising, deliberations, in terms of issues discussed, and resolutions at the Board meetings were recorded by the Company Secretary, confirmed by the Board and signed by the Chairman. All Board meetings were attended by the Company Secretary.

Company Secretary

The Company Secretary is a qualified secretary as required pursuant to the Act. She is a member of the Malaysian Institute of Accountants. She plays supporting and advisory roles to the Board and the Board Committees. She ensures compliance to regulatory requirements.

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 advance of each 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 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 Secretary and other senior management staff. 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 ("Articles"), all Directors who are appointed by the Board may hold office until the next AGM subsequent to their appointment and shall then be eligible for re-election.

The Articles also provide that all Directors (including Group Managing Director/CEO) 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 Act, 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 an 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 of all members present and voting at such AGM.

The NC makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. In making these recommendations, the NC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

Board effectiveness assessment

The NC facilitates and organizes the annual board effectiveness assessment for assessment and evaluation of the Board, Board Committees and individual Directors. The objective of the exercise is to improve the Board's effectiveness, identify gaps, maximise strengths and address weakness of the Borad. Self-assessment methodology is used and issues put forth for assessment are presented in a customized questionnaire.

The criteria on which assessment of the Board's effectiveness is carried out is developed, maintained and reviewed by the NC. They include, inter alia, each Directors' effectiveness, Board's and Board Committee's composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications and conduct of the Board and Board Committees.

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2014 based on the criteria of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of the Company.

Directors' training

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:

- Annual Asean Corporate Governance.
- Budget seminar and getting ready for GST.
- Maori Land Court & other indigenous tribunals, indigenous land rights and settlements in Australia, Canada, New Zealand and USA, and indigenous laws of Pacific Nations.
- New age roles of Company Secretary.
- New companies bill – snapshot of changes.
- Seminar Percukaian Kebangsaan 2014.
- The Institute of Internal Auditors International Conference.

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 incorporated into the minutes of the Board meetings.

The Committee

The details of meetings and activities of the Committee are set out under the section "Audit Committee" contained in this Annual Report.

NC

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

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

The NC evaluates the effectiveness of the Board and Board Committees, including their size and composition, and contributions of each individual director, including independent non-executive directors, as well as the Group Managing Director/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.

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

The terms of reference of the NC are as follows:

- To identify and recommend to the Board, candidates for all directorships of the Company 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 Board succession for the Group.

During the financial year, the NC has undertaken the following activities:

- Reviewed the proposed format of the self-assessment of individual Directors;
- Considered the appointment of new Directors and members of the Committee;
- Reviewed the composition of the Board and Board Committees and assessed the independence of the Independent Non-Executive Directors; and
- Considered the process and methodology and outcome of the assessment of the Board, Board Committee and Directors training in 2014.

RC

The RC was established on 16 October 2009 and its members were appointed by the Board. The RC comprises three (3) Independent Non-Executive Directors, as follows:

- Datuk Fong Joo Chung - Chairman
- Tan Sri Dato' Seri H'ng Bok San - Member
- Yek Siew Liong - Member

During the year under review, two (2) meetings was held with full attendance by all members.

The terms of reference of the RC are as follows:

- To assist the Board in achieving corporate accountability and governance in respect of the remuneration for executive directors of the Group;
- To serve as a 'check and balance' mechanism for the Group to fairly reward the executive directors for their contributions to overall performance and that the compensation is reasonable in the light of the Group'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 the Group, 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 Executive 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 the Company's forthcoming AGM.

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 2014 is as follows:

Aggregate Remuneration

	Executive Director		Non-Executive Directors		
	The Company	Subsidiaries	The Company	Subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Fees	135	95	920	276	1,426
Salaries, EPF and other emoluments	1,296	-	-	-	1,296
Benefits-in-kind	28	-	-	-	28
Total	1,459	95	920	276	2,750

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

RM	Executive Directors	Non-Executive Directors	Total
100,001 – 150,000	-	3	3
150,001 – 200,000	-	3	3
300,001 – 350,000	-	1	1
1,550,001 – 1,600,000	1	-	1

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

SHAREHOLDERS

Shareholders and Investor Relations

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

In ensuring this, the Group 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.

AGM

The 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. The Board has taken reasonable steps to encourage shareholder participation at the general meetings. Shareholders are encourage to participate in the Question and Answer session on the resolutions being proposed.

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.

The Chairman would be at the outset of general meetings to inform the shareholders of their rights to request to vote by poll.

The Board is of the view that with the current level of shareholders' attendance at general meetings, voting by show of hands continues to be efficient. The shareholders were informed of their rights to demand a poll vote at the commencement of the general meetings. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

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 Risk Management and Internal Control" contained in this Annual Report.

Internal Audit Functions

Please refer to the section on "Statement on Risk Management and Internal Control" contained in this Annual Report.

The total cost incurred for the internal audit functions for the financial year ended 31 December 2014 was RM 217,264.

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 Committee for deliberation.

The major activities undertaken by the Committee with the external auditors are as follows:

- reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group;
- reviewed the results and issues arising from the external auditors' review of the quarterly financial results and audit of the year-end financial statements and the resolution of issues highlighted in their report to the Committee; and
- reviewed the independence, suitability, objectivity and cost effectiveness of the external auditors before recommending their re-appointment and remuneration to the Board.

The Audit Committee assessed the suitability and independence of external auditors by obtaining affirmation from the external auditors, Messrs. Ernst & Young that they and their network firm, engagement partner and audit team's independence, integrity and objectivity comply with relevant ethical requirements. Messrs. Ernst & Young and the audit team are competent in carrying out their work and they have the necessary audit experience in the industry in which SCB Group operates. Policies and procedures to assess the suitability and independence of external auditors will be put in place in due course.

COMPLIANCE STATEMENT

With the introduction of the new Code, the Board remains committed to inculcating good corporate governance for the Group. As the Code has only been recently issued during the financial year under review, the Company has complied most of the Principles and Recommendations as outlined in the Code except for those disclosed in this statement. The Board will continuously look into the Principles and Recommendations which have yet to be adopted by the Group in 2014.

OTHER INFORMATION

Non-Audit fees

Non-audit fees of RM298,373 were paid to the external auditors for the financial year ended 31 December 2014 (2013: RM 50,750).

Recurrent related party transactions in the normal course of business

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

Material contracts

Other than those disclosed in the recurrent related party transactions in the normal 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 2014.

Realised and unrealised profit

The breakdown of realised and unrealised profit as at 31 December 2014 are disclosed in Note 43 to the financial statements for the year ended 31 December 2014, as contained in this Annual Report.

This Statement is made in accordance with a resolution of the Board dated 24 April 2015.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Board's Commitment to Risk Management and Internal Control

The Group Statement on Risk Management & Internal Control is prepared for the purpose of disclosing the state of internal control and the established risk management framework of the Group.

The Board confirms that there is an established and an ongoing process to identify, assess and monitor key risks applicable to the Group's business activities. The Board, through the Audit Committee and the Risk Management Committee has been involved in articulating, implementing and reviewing the Group's system of risk management and internal control system in order to mitigate the risks that may impede the achievement of the Group's business objectives.

A periodic assessment of the effectiveness and efficiency of the risk management and internal control procedures and processes is carried out through the quarterly Audit Committee and Board meetings. Quarterly reports consisting of both the financial results and operational achievements are deliberated by members of the Board before key directives are issued to the Management of the Group to undertake the necessary actions to improve on its performance.

The Board is responsible to ensure that the risk management and internal control system is adequate and effective in safeguarding the Group's assets and shareholders' investment. However, due to the inherent limitation in the risk management and 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.

Risk Management System

The Group's risk management system is spearheaded by the Risk Management Committee ("RMC") consisting of members of the Management team. The Group's risk management system, which is a simplified version of 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 while ensuring sustainable benefits for the Group.

Due to the rapid expansion in the size of the Group, the RMC relies heavily on individual subsidiaries and units' self-assessment system to ensure that material risks are detected, reported and appropriately addressed. Annually, the individual departments submit their Risk Monitoring Report to the RMC for compilation and deliberation, while the Group Internal Audit Department assists to verify the report. Deficiencies are communicated to the departmental head in a timely manner while matters of great significance are reported to the top management and the Board.

Internal Control Processes

The Group's internal control system consists of the policies, procedures and processes which enable it to operate effectively and efficiently, provide relevant internal and external reporting and ensure good compliance with the applicable laws and regulations. The Audit Committee and the Group Internal Audit Department, with the assistance from the external auditors outline the efforts towards enhancing control environment and promoting good corporate governance practices throughout the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Audit Committee

The main responsibility of the Audit Committee involve overseeing, monitoring and assessment of the internal and external audit functions 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 Group Internal Audit Department and ensures that critical audit issues highlighted by both the internal and external auditors are appropriately considered and satisfactorily resolved by 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.

On quarterly basis, the results of the Internal Audit Plan and other reviews are presented to the Audit Committee for their deliberation and further actions.

Occasionally, at the request of the Management and members of the Board, the Group Internal Audit Department carries out investigative audit and other special assignments with the objective of providing independent views on the Group's operational and financial matters.

Key Control Elements

The organization structure is established at both the companies and Group level, with the main objective of defining the lines of responsibility, reporting hierarchy and limits of authority of the management team and other members of the organization. It also provides for a documented and auditable trail of accountability.

During the year under review, the five (5) active subsidiaries under the Group manage key functions within their individual units separately and the respective General Managers report to the Group Managing Director/Chief Executive Officer on monthly or quarterly basis on issues relating to the company's performance, control environment, opportunities and operational and business strategies.

Apart from that, the financial and operational performance of the joint venture entered into by the Group is being properly monitored to ensure that the Group's interest and profits are guaranteed and safeguarded during the entire duration of the agreement.

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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(i) Human Resource and Administration

The Group's Human Resource and Administration Department performs regular analysis on human resource requirement in terms of sufficiency, quality and succession planning. The recruitment and remuneration system requires that all employees are subject 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' requirements.

All employees are subject to the Code of Conduct which aims to address conflict of interest, safeguarding of the Group's assets, promoting completeness and accuracy of records, and protecting confidentiality.

(ii) Finance

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

(iii) Sales, Procurement, Production and Project Execution

Proper planning is done at monthly intervals 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 schedules, engineering and design submissions, 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.

(iv) Monthly Management Meeting, Budgeting and Strategic Planning

The monthly Management Meeting serves to present, deliberate and decide on the necessary action plans or strategies 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 sufficient 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.

(v) Health and Safety

The Group has shown a high degree of commitment in providing a healthy and safe environment for its employees and people that come into contact with its operations and business activities. Adequate measures are taken to provide protection against accidents and exposure to health hazards through strict compliance to the Occupational Safety and Health Act 1994 and OHSAS 18001's requirements.

Conclusion

The Board is of the view that based on the information and assurance given by the Group Managing Director/Chief Executive Officer and the Group Financial Controller, the Group's risk management and internal control system is operating adequately and effectively. During the year under review, some internal control weaknesses were identified but none has materially impacted the business and operation of the Group, hence no disclosure is required in this Statement.

This statement is made in accordance with a resolution of the Board dated 24 April 2015.

DIRECTORS' REPORT AND AUDITED 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 2014.

Principal activity

The principal activities of the Company are that of investment holding, contractors and infrastructure development, provision of management 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	**Company**
	RM'000	RM'000
Profit net of tax	25,740	8,486
Profit attributable to:		
Equity holders of the Company	25,539	8,486
Non-controlling interests	201	-
	25,740	8,486

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 other than the impairment of goodwill amounted to RM24,051,000 as disclosed in Note 16 to the financial statements and a negative goodwill of RM104,577,000 as disclosed in Note 18 to the financial statements which are recognised in the Group's statement of profit or loss.

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 2013 was as follows:

In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:

	RM'000
First and final single tier dividend of 1.5 sen per ordinary share on 279,450,000 ordinary shares declared on 21 April 2014 and paid on 25 July 2014	4,192

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December 2014 of 2.5 sen per ordinary share on 317,050,000 ordinary shares, amounting to a dividend payable of RM7,926,250 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 2015.

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

DIRECTORS' REPORT

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 11 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 35.

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			
	As at 1.1.2014	**Bonus Bought**	**Sold**	**As at 31.12.2014**
Direct Interest:				
Dato Sri Mahmud Abu Bekir Taib	57,825,000	-	-	57,825,000
Datuk Fong Joo Chung	635,200	-	(25,000)	610,200
Tan Sri Dato' Seri H'ng Bok San	237,240	-	-	237,240
Yek Siew Liong	9,855,000	-	(4,000,000)	5,855,000
Toh Chee Ching	38,591,996	-	-	38,591,996
Erman bin Radin	122,160	-	-	122,160
Indirect Interest:				
Dato Sri Mahmud Abu Bekir Taib	34,182,000	-	-	34,182,000[1]
Toh Chee Ching	1,924,000	470,000	-	2,394,000[2]
Tan Sri Dato' Seri H'ng Bok San	150,000	37,600,000	-	37,750,00[3]
Yek Siew Liong	34,182,000	4,000,000	-	38,182,000[4]

1 Deemed interested by virtue of his interest 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 Greatwall Tyre & Battery (Kuching) Sdn. Bhd. and his spouse's interest pursuant to Section 6A and Section 134(12)(c) of the Act respectively.
3 Deemed interested by virtue of his interest in Hng Capital Sdn. Bhd. and his son's shareholding pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965 respectively.
4 Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 6A of Companies Act, 1965.

By virtue of their interests in the Company, Dato Sri Mahmud Abu Bekir Taib and Yek Siew Liong are deemed interested in the shares of the subsidiaries to the extent that the Company has an interest. None of the other directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid up ordinary share capital from RM139,725,000 to RM 158,525,000 by way of issuance of 37,600,000 new ordinary shares of RM0.50 each at issue price of RM1.39 per ordinary shares as partial consideration for the acquisition of two new subsidiaries.

The new ordinary shares issued during the year ranked pari passu in respects with the existing shares of the Company.

DIRECTORS' REPORT

Other statutory information

(a) Before the statements of profit or loss and other 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 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 30 April 2015.

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 42 to 107 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 2014 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 43 to the financial statements have been 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 30 April 2015.

Datuk Fong Joo Chung **Toh Chee Ching**

STATUTORY DECLARATION

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

I, **Tan King Nwa**, being the officer primarily responsible for the financial management of **Sarawak Cable Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 107 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 **Tan King Nwa**
at Kuching in the State of Sarawak
on 30 April 2015 **Tan King Nwa**

Before me,

Evelyn Lau Sie Jiong
Commissioner for Oaths (Q 137)
Kuching, Sarawak

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 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 107.

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 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 sufficient 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 2014 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' report of the subsidiary 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CABLE BERHAD

Other reporting responsibilities

The supplementary information set out in Note 43 on page 107 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

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. 1881/03/16 (J)
Chartered Accountant

Kuching, Malaysia
Date: 30 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	4	339,440	208,711	120,712	10,400
Cost of sales		(362,702)	(183,711)	(44,154)	-
Gross (loss)/profit		(23,262)	25,000	76,558	10,400
Other items of income					
Interest income	5	1,094	1,160	795	852
Other income	6	109,662	4,924	-	-
Other items of expense					
Marketing and distribution		(3,815)	(3,619)	-	-
Administrative expenses		(19,905)	(14,469)	(8,065)	(4,556)
Finance costs	7	(2,595)	(4,032)	(1,469)	(2,613)
Other expenses	8	(33,846)	(5,603)	(57,511)	(16)
Profit before tax	9	27,333	3,361	10,308	4,067
Income tax expense	12	(1,593)	(2,606)	(1,822)	(1,301)
Profit for the year, net of tax		25,740	755	8,486	2,766
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		244	(700)	-	-
Total comprehensive income for the year		25,984	55	8,486	2,766
Profits attributable to:					
Equity holders of the Company		25,539	969	8,486	2,766
Non-controlling interests		201	(214)	-	-
		25,740	755	8,486	2,766
Total comprehensive income attributable to:					
Equity holders of the Company		25,730	269	8,486	2,766
Non-controlling interests		254	(214)	-	-
		25,984	55	8,486	2,766

		Group 2014	Group 2013
Earnings per share attributable to equity holders of the Company (sen per share):			
Basic and Diluted	13	9.14	0.40

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	352,688	63,515	3,859	1,335
Prepaid land lease payment	15	-	7,416	-	-
Intangible assets	16	3,627	29,104	-	-
Long term retention sum	21	21,075	6,600	15,089	-
Other assets	17	28,659	26,302	-	-
Concessions financial assets	29	33,185	-	-	-
Deferred tax assets	27	44,768	-	1,377	-
Investment in subsidiaries	18	-	-	390,140	166,929
		484,002	132,937	410,465	168,264
Current assets					
Inventories	19	122,431	45,096	-	-
Trade and other receivables	21	487,919	75,388	171,279	20,476
Other current assets	22	39,861	49,401	344	3,037
Tax recoverable		2,195	1,059	-	-
Cash and bank balances	23	62,932	68,983	13,558	52,291
Derivatives	28	27	-	-	-
		715,365	239,927	185,181	75,804
TOTAL ASSETS		1,199,367	372,864	595,646	244,068

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	24	393,032	82,132	51,317	42,700
Trade and other payables	25	397,455	56,942	208,341	10,558
Other current liabilities	26	2,773	1,647	-	-
Income tax payable		2,696	490	2,306	422
Derivatives	28	677	-	-	-
		796,633	141,211	261,964	53,680
Net current (liabilities)/assets		(81,268)	98,716	(76,783)	22,124
Non-current liabilities					
Loans and borrowings	24	96,166	1,170	86,794	-
Deferred tax liabilities	27	8,899	6,848	-	36
		105,065	8,018	86,794	36
TOTAL LIABILITIES		901,698	149,229	348,758	53,716
Net assets		297,669	223,635	246,888	190,352
Equity attributable to equity holders of the Company					
Share capital	30	158,525	139,725	158,525	139,725
Reverse acquisition reserve		(37,300)	(37,300)	-	-
Share premium	30	79,796	46,354	79,796	46,354
Revenue reserves	31	97,473	76,126	8,567	4,273
Foreign currency translation reserve	32	(1,005)	(1,196)	-	-
		297,489	223,709	246,888	190,352
Non-controlling interests		180	(74)	-	-
TOTAL EQUITY		297,669	223,635	246,888	190,352
TOTAL EQUITY AND LIABILITIES		1,199,367	372,864	595,646	244,068

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 2014

Group		← Attributable to equity holders of the Company →							
				← Non-distributable →		Distributable			
	Note	Share capital (Note 30) RM'000	Reverse acquisition reserve RM'000	Share premium (Note 30) RM'000	Foreign currency translation reserves (Note 32) RM'000	Revenue reserves (Note 31) RM'000	Total equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
2014									
Opening balance at 1 January 2014		139,725	(37,300)	46,354	(1,196)	76,126	223,709	(74)	223,635
Profit for the year		-	-	-	-	25,539	25,539	201	25,740
Other comprehensive income		-	-	-	191	-	191	53	244
Total comprehensive income		-	-	-	191	25,539	25,730	254	25,984
		139,725	(37,300)	46,354	(1,005)	101,665	249,439	180	249,619
Transactions with owners:									
Issuance of share pursuant to acquisition of subsidiaries	30	18,800	-	33,464	-	-	52,264	-	52,264
Shares issuance expenses	30	-	-	(22)	-	-	(22)	-	(22)
Dividends on ordinary shares	33	-	-	-	-	(4,192)	(4,192)	-	(4,192)
Closing balance at 31 December 2014		158,525	(37,300)	79,796	(1,005)	97,473	297,489	180	297,669
2013									
Opening balance at 1 January 2013		77,625	(37,300)	31,783	(314)	79,251	151,045	158	151,203
Profit net of tax		-	-	-	-	969	969	(214)	755
Other comprehensive income		-	-	-	(700)	-	(700)	-	(700)
Total comprehensive income		-	-	-	(700)	969	269	(214)	55
		77,625	(37,300)	31,783	(1,014)	80,220	151,314	(56)	151,258
Transactions with owners:									
Acquisition of non-controlling interest in subsidiaries	18	-	-	-	(182)	(213)	(395)	(18)	(413)
Rights issue	30	38,812	-	38,813	-	-	77,625	-	77,625
Bonus issue	30	23,288	-	(23,288)	-	-	-	-	-
Shares issuance expenses	30	-	-	(954)	-	-	(954)	-	(954)
Dividends on ordinary shares	33	-	-	-	-	(3,881)	(3,881)	-	(3,881)
Closing balance at 31 December 2013		139,725	(37,300)	46,354	(1,196)	76,126	223,709	(74)	223,635

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 2014

Company

	Note	Non-Distributable		Distributable	
		Share capital (Note 30)	**Share premium (Note 30)**	**Revenue reserves (Note 31)**	**Total equity**
		RM'000	RM'000	RM'000	RM'000
2014					
Opening balance at 1 January 2014		139,725	46,354	4,273	190,352
Profit net of tax representing total comprehensive income		-	-	8,486	8,486
Transaction with owners:					
Issuance of share pursuant to acquisition of subsidiaries	30	18,800	33,464	-	52,264
Shares issuance expenses	30	-	(22)	-	(22)
Dividends on ordinary shares	33	-	-	(4,192)	(4,192)
Closing balance at 31 December 2014		158,525	79,796	8,567	246,888
2013					
Opening balance at 1 January 2013		77,625	31,783	5,388	114,796
Profit net of tax representing total comprehensive income		-	-	2,766	2,766
Transaction with owners:					
Rights issue	30	38,812	38,813	-	77,625
Bonus shares	30	23,288	(23,288)	-	-
Shares issuance expenses	30	-	(954)	-	(954)
Dividends on ordinary shares	33	-	-	(3,881)	(3,881)
Closing balance at 31 December 2013		139,725	46,354	4,273	190,352

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 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Operating activities					
Profit before tax		27,333	3,361	10,308	4,067
Adjustments for:					
Allowance for impairment loss of trade and other receivables	9	5,658	424	-	-
Amortisation of intangible assets	9	1,426	4,135	-	-
Amortisation of prepaid land lease payment	9	-	239	-	-
Bad debts written off	9	-	15	-	-
Depreciation of property, plant and equipment	14	5,599	5,754	217	146
Dividend income	4		-	(69,000)	(5,000)
Loss in disposal of assets held for sale	9	-	79	-	-
Negative goodwill on acquisition	6	(104,577)	-	-	-
Impairment of goodwill	9	24,051	-	-	-
(Gain)/loss on disposal of property, plant and equipment, net	9	(133)	8	-	16
Interest income	9	(1,094)	(1,160)	(795)	(852)
Finance income from concessions financial assets	9	(969)	-	-	-
Interest expense	7	2,595	4,032	1,469	2,613
Inventories written off	9	52	464	-	-
Property, plant and equipment written off	9	-	69	-	1
Impairment of investment in a subsidiary	9	-	-	57,511	-
Reversal of allowance for impairment loss of trade receivables	9	(1,407)	(1,094)	-	-
Unrealised loss/(gain) on foreign exchange	9	1,822	(1)	-	-
Unwinding of discount on finance lease	9	(31)	(50)	-	-
Unwinding of discount on long term retention sum	9	(992)	(1,500)	-	-
Unwinding of discount on trade payables	9	(38)	399	-	-
Operating cash flows before working capital changes		(40,705)	15,174	(290)	991
Changes in working capital:					
Increase in inventories		(5,466)	(4,726)	-	-
(Increase)/decrease in trade and other receivables		(132,399)	24,923	(215,491)	(17,093)
Increase in concessions financial assets		(29,993)	-	-	-
Decrease/(increase) in other current assets		14,233	(6,400)	2,832	(1,501)
Increase in trade and other payables		176,931	19,779	197,783	4,391
Total changes in working capital		23,306	33,576	(14,876)	(14,203)

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows (used in)/from operations		(17,399)	48,750	(15,166)	(13,212)
Interest paid		(3,506)	(4,735)	(1,469)	(2,613)
Tax paid, net of refund		(3,650)	(3,843)	(1,351)	(82)
Net cash flows (used in)/from operating activities		(24,555)	40,172	(17,986)	(15,907)
Investing activities					
Acquisition of subsidiaries, net of cash outflows	18	(76,378)	-	(103,942)	(1,000)
Additional investment in subsidiaries		-	-	(74,916)	-
Purchase of property, plant and equipment	14	(14,640)	(8,071)	(2,881)	(1,105)
Proceeds from disposal of property, plant and equipment		352	466	-	8
Proceeds from disposal of assets held for sale		-	1,585	-	-
Interest received		1,094	1,160	795	852
Acquisition of non-controlling interests		-	(1,681)	-	(1,681)
Deposit paid for purchase of helicopter		(18,866)	(26,302)	-	-
Dividend received		-	-	69,000	4,250
Net cash (used in)/from investing activities		(108,438)	(32,843)	(111,944)	1,324
Financing activities					
Dividend paid on ordinary shares	33	(4,192)	(3,881)	(4,192)	(3,881)
Share issuance expense		(22)	(954)	(22)	(954)
Proceeds from issuance of ordinary shares		-	77,625	-	77,625
Net drawdown /(repayment) from borrowings		130,912	(39,631)	95,411	(6,300)
(Increase)/decrease in cash and bank balances pledged for banks borrowings		(14,588)	7,319	(9,057)	-
Net cash from financing activities		112,110	40,478	82,140	66,490
Net (decrease)/increase in cash and cash equivalents		(20,883)	47,807	(47,790)	51,907
Effect of exchange rate changes		244	(937)	-	-
Cash and cash equivalents at 1 January		60,376	13,506	52,291	384
Cash and cash equivalents at 31 December	23	39,737	60,376	4,501	52,291

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, contractors and infrastructure development, provision of management 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.

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

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

The adoption of the above Standards and Interpretation did not have any impact on the financial performance and position of the Group and the Company other than those disclosed below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group and the Company, since none of the entities in the Group has any offsetting arrangement.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has no material impact on the disclosures in the Group's and the Company's financial statements.

2. Summary of significant accounting policies (contd.)

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 intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives1 January 2016	
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

i MFRS 3 Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

ii MFRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

iii MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

i MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the followings five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's financial statements.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will not have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.26.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Foreign currency transactions

(a) 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.

(b) 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.

2. Summary of significant accounting policies (contd.)

2.6 Foreign currency transactions (contd.)

(b) Foreign currency transactions (contd.)

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at the exchange rates at the date of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 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.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land and buildings	20 to 50 years
Motor vehicles	5 years
Aircraft	20 years
Plant and machinery	5 to 20 years
Office equipment	5 to 6 years
Furniture and fittings	6 years
Renovation	6 to 50 years

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.)

2.8 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 includes the following:

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. Summary of significant accounting policies (contd.)

2.9 Financial assets (contd.)

(b) Loans and receivables

Loans and receivables at amortised cost comprise trade and other receivables and cash and bank balances. It also includes financial receivables relating to concession arrangement which is recognised as "concessions financial assets" in the statement of financial position.

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.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current, except for those having maturity within twelve months after the reporting date which are classified as current.

The Group has not designated any financial assets as held-to-maturity investments.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

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. Summary of significant accounting policies (contd.)

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.

(a) 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.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, net of outstanding bank overdraft.

2. Summary of significant accounting policies (contd.)

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.

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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company. Derivative liabilities (excluding those that are hedge accounted for) are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (contd.)

2.14 Financial liabilities (contd.)

(b) 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.

2.15 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.

2. Summary of significant accounting policies (contd.)

2.17 Leases (contd.)

(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.

2.19 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) 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.

2. Summary of significant accounting policies (contd.)

2.20 Income taxes (contd.)

(b) Deferred tax (contd.)

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:

- 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 sufficient 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.

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 40, 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.

2. Summary of significant accounting policies (contd.)

2.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.24 Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.25 Fair value measurements

The Group and the Company measures financial instruments, such as, derivatives, and non-financial asset at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

• Disclosures of significant estimates and assumptions	Note 3, 18, 29
• Contingent consideration	Note 18
• Quantitative disclosures of fair value measurement hierarchy	Note 37
• Financial instruments	Note 36

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the ability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values in measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Summary of significant accounting policies (contd.)

2.25 Fair value measurements (contd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets and liabilities and the level of the fair value hierarchy as explained above.

2.26 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (contd.)

2.26 Intangible assets (contd.)

(b) Other intangible assets (contd.)

(i) 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.

(ii) 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.

2.27 Concession Service Arrangement

The Group constructs infrastructure used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Group receives a right to charge users of the public service. The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Group performs more than one service (i.e., construction and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

An intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortised in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

2.28 Hedge accounting

The Group uses derivatives to manage its exposure to foreign market risk and commodity price risk. These derivatives comprise forward currency contracts and commodity forward contracts. The Group applies hedge accounting for those commodity forward contracts which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationships are classified as cash flow hedges as the Group is hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

2. Summary of significant accounting policies (contd.)

2.28 Hedge accounting (contd.)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as a cash flow hedge.

Under a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedgedforecast purchase of commodities occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group does not apply hedge accounting to its forward currency contracts. Any gains or losses arising from changes in fair value on derivatives during the year that are not designated or do not qualify for hedge accounting are directly recognised in profit or loss.

3. Significant accounting judgement and 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 Significant judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Concession service arrangements

The Group has entered into a concessions service arrangement for the installation, operation and maintenance of a mini hydro plant. The Group has evaluated based on the terms and conditions of the arrangement, whether the concession service arrangement is accounted for using intangible asset model or financial assets model. The terms and conditions of the arrangement are as follow:

(i) Grantor must purchase and make payment to PT Inpola Mitra Electrindo (IME), a subsidiary of the Company, for the electrical energy produced from IME's owned generation plant to grantor, according to the measured kWH transactions

3. Significant accounting judgement and estimates (contd.)

3.1 Significant judgements made in applying accounting policies (contd.)

(a) Concession service arrangements (contd.)

(ii) When during the execution of the agreement, accidents, damages, fire or theft occurred including indirect losses from defaults and negligence, then either grantor or IME that causes the losses will have to bear the cost of losses.

The management judged that based on the terms and conditions of the arrangement, the Group has an unconditional contractual right to receive cash from the grantor for the services provided, thus accounted for the concession service arrangements under the financial assets model.

3.2 Key sources of estimation uncertainty

(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 difficulties 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.

(c) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed capital allowances and unused tax allowance to extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amount of unutilised reinvestment allowance and unutilised tax losses of the Group is RM 67,302,000 (2013: RM55,000)

(d) Impairment of goodwill

Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill to changes in the assumptions are given in Note 16.

4. Revenue

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Sale of cables and conductors	154,670	75,961	-	-
Manufacturing, fabrication, galvanising of steel structure	41,535	30,107	-	-
Transmission lines construction contract	110,777	102,643	46,312	-
Dividend income from subsidiaries	-	-	69,000	5,000
Management fee from subsidiaries	-	-	5,400	5,400
Revenue from construction of power plant	32,216	-	-	-
Income from lease of aircraft	242	-	-	-
	339,440	208,711	120,712	10,400

5. Interest income

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Short term deposits with licensed banks	1,094	1,160	795	852

6. Other income

	Group	
	2014	**2013**
	RM'000	RM'000
Negative goodwill on acquisition	104,577	-
Insurance claim	-	183
Miscellaneous income	380	514
Net gain on disposal of property, plant and equipment	133	199
Realised gain on foreign exchange	-	3
Rental income	1,058	1,380
Reversal of allowance for impairment loss on trade receivables (Note 21)	1,407	1,094
Finance income on concessions financial assets	969	-
Unwinding of discount on finance lease	31	50
Unwinding of discount on long term retention sum (Note 21)	992	1,500
Unwinding of discount on trade payables	38	-
Unrealised gain on foreign exchange	77	1
	109,662	4,924

7. Finance costs

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loan interest	1,094	1,747	1,093	1,747
Revolving credits interest	1,089	1,862	183	595
Bankers' acceptances	1,087	1,010	-	-
Loans from subsidiary	-	-	165	271
Finance lease	72	99	-	-
Overdraft	29	17	-	-
Flexi loan	135	-	28	-
Total finance costs	3,506	4,735	1,469	2,613
Unwinding of discount on trade payables	-	241	-	-
	3,506	4,976	1,469	2,613
Less: Interest expenses capitalised in construction contract costs (Note 20)	(911)	(944)	-	-
	2,595	4,032	1,469	2,613

8. Other operating expenses

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Allowances for impairment loss of trade and other receivables	5,658	424	-	-
Amortisation of intangible assets	1,426	4,135	-	-
Impairment of investment in subsidiary	-	-	57,511	-
Impairment of goodwill	24,051	-	-	-
Others	2,711	1,044	-	16
	33,846	5,603	57,511	16

9. Profit before tax

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audits	171	154	40	33
- under provision in previous year	14	40	9	8
- other services	278	46	278	46
Allowance for impairment loss of				
- trade receivables (Note 21)	3,982	340	-	-
- other receivables	1,676	84	-	-
Amortisation of intangible assets (Note 16)	1,426	4,135	-	-
Amortisation of prepaid land lease payment (Note 15)	-	239	-	-
Bad debts written off	-	15	-	-
Depreciation of property, plant and equipment (Note 14)	5,599	5,754	217	146
Employee benefits expense (Note 10)	15,008	13,066	3,019	2,277
Negative goodwill on acquisition (Note 18(a))	(104,577)	-	-	-
Loss on disposal of assets held for sale	-	79	-	-
Impairment of goodwill (Note 16)	24,051	-	-	-
Interest income	(1,094)	(1,160)	(795)	(852)
Finance income from concessions financial assets (Note 29)	(969)	-	-	-
Inventories written off	52	464	-	-
(Gain)/loss disposal of property, plant and equipment, net	(133)	8	-	16
Non-executive directors' remuneration (Note 11)	1,196	1,121	920	984
Property, plant and equipment written off	-	69	-	1
Impairment of investment in a subsidiary	-	-	57,511	-
Realised loss on foreign exchange	53	10	-	-
Rental expense	314	301	89	24
Reversal of allowance for impairment loss on trade receivables	(1,407)	(1,094)	-	-
Unwinding of discount on finance lease	(31)	(50)	-	-
Unwinding of discount on long term retention sum	(992)	(1,500)	-	-
Unwinding of discount on trade payables(38)	399	-	-	
Unrealised loss/(gain) on foreign exchange	1,822	(1)	-	-
	=====	=====	=====	=====

10. Employee benefits expense

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	17,915	15,913	4,469	2,134
Contributions to defined contribution plan	2,144	1,923	531	261
Social security contributions	143	137	21	7
Other benefits	587	663	156	76
	20,789	18,636	5,177	2,478
Less: Capitalised in construction contract cost (Note 20)	(5,781)	(5,570)	(2,158)	(201)
	15,008	13,066	3,019	2,277

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,525,460 (2013: RM1,357,783) and RM1,430,660 (2013: RM1,268,680) as further disclosed in Note 11.

11. Directors' remuneration

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	1,296	1,179	1,296	1,133
Fees	230	178	135	135
Total executive directors' remuneration (Note 10)	1,526	1,357	1,431	1,268
Non-executive:				
Fees	1,196	1,053	920	920
Other emoluments	-	68	-	64
Total non-executive directors' remuneration (Note 9)	1,196	1,121	920	984
Total directors' remuneration (Note 35(b))	2,722	2,478	2,351	2,252
Estimated money value of benefits-in-kind	28	28	28	28
Total directors' remuneration including benefits-in-kind	2,750	2,506	2,379	2,280

11. Directors' remuneration (contd.)

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	
	2014	**2013**
Executive director:		
RM1,350,001 - RM1,400,000	-	1
RM1,550,001 - RM1,600,000	1	-
Non-Executive directors:		
Less than RM50,000	1	1
RM100,001 - RM150,000	3	4
RM150,001 - RM200,000	3	2
RM200,001 - RM250,000	-	1
RM300,001 - RM350,000	1	-

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Based on results for the year	5,401	3,315	3,228	1,303
- (Over)/under provision in respect of previous years	(674)	(420)	7	(38)
	4,727	2,895	3,235	1,265
Deferred income tax (Note 27):				
- Origination and reversal of temporary differences	(3,767)	(789)	(1,405)	19
- Under/(over) provision in respect of previous years	633	500	(8)	17
	(3,134)	(289)	(1,413)	36
Income tax expense recognised in profit or loss	1,593	2,606	1,822	1,301

12. Income tax expense (contd.)

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 2014 and 2013 are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Accounting profit before tax	27,333	3,361	10,308	4,067
Tax at Malaysian statutory tax rate 25% (2013: 25%)	6,833	840	2,577	1,017
Adjustments:				
Effect of reduction in tax rate	-	(185)	-	(1)
Income not subject to tax	(26,303)	(4)	(17,250)	(500)
Effect of non-deductible expenses	10,332	1,027	16,496	806
Under/(over) provision of deferred tax in respect of previous years	633	500	(8)	17
(Over)/under provision of income tax in respect of previous years	(674)	(420)	7	(38)
Brought forward deferred tax assets derecognised during the year	-	687	-	-
Deferred tax assets not recognised on unabsorbed tax losses	10,772	161	-	-
Income tax expense recognised in profit or loss	1,593	2,606	1,822	1,301

Current income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected the change in tax rate.

13. Earnings per share

Basic and Diluted Earnings Per Share

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.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The Group do not have any dilutive instruments as at reporting date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

13. Earnings per share (contd.)

Basic and Diluted Earnings Per Share (contd.)

	Group	
	2014	**2013**
Profit net of tax attributable to equity holders of the Company (RM'000)	25,539	969
Number of ordinary shares in issue ('000)	279,450	155,250
Issue of shares pursuant to acquisition of subsidiaries ('000)	103	-
Rights issue ('000)	-	46,462
Bonus issue ('000)	-	37,600
Weighted average number of ordinary shares in issue ('000)	279,553	239,312
Basic earnings per share (sen per ordinary share)	9.14	0.40

14. Property, plant and equipment

	*Land and Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Aircraft RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group									
Cost									
At 1 January 2013	36,070	8,930	44,591	-	2,347	804	321	1,272	94,335
Additions	1,357	1,218	4,076	-	253	299	126	952	8,281
Disposals	-	(1,369)	(1,051)	-	(20)	(13)	-	(1)	(2,454)
Written off	-	(69)	(4,259)	-	(1)	(9)	-	-	(4,338)
Reclassification	-	-	-	-	(55)	55	-	-	-
At 31 December 2013	37,427	8,710	43,357	-	2,524	1,136	447	2,223	95,824
At 1 January 2014	37,427	8,710	43,357	-	2,524	1,136	447	2,223	95,824
Acquisition of subsidiaries	155,661	3,668	279,075	-	-	70,180	-	3,062	511,646
Additions	2,474	413	547	26,840	372	37	466	-	31,149
Transfer from prepaid land lease payment (Note 15)	9,445	-	-	-	-	-	-	-	9,445
Disposals	-	(467)	(287)	-	-	(3)	-	-	(757)
Transfer to concessions financial assets (Note 29)	-	-	-	-	-	-	-	(2,223)	(2,223)
At 31 December 2014	205,007	12,324	322,692	26,840	2,896	71,350	913	3,062	645,084

14. Property, plant and equipment (contd.)

	*Land and Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Aircraft RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group (contd.)									
Accumulated depreciation									
At 1 January 2013	2,618	3,532	22,765	-	1,184	460	-	-	30,559
Depreciation charge for the year	775	1,856	4,799	-	393	161	15	-	7,999
Recognised in income statement (Note 9)	775	1,278	3,192	-	374	120	15	-	5,754
Capitalised in construction project cost (Note 20)	-	578	1,607	-	19	41	-	-	2,245
Disposals	-	(1,050)	(922)	-	(5)	(3)	-	-	(1,980)
Written off	-	(69)	(4,189)	-	(1)	(10)	-	-	(4,269)
Reclassification	-	-	-	-	(15)	15	-	-	-
At 31 December 2013	3,393	4,269	22,453	-	1,556	623	15	-	32,309
At 1 January 2014	3,393	4,269	22,453	-	1,556	623	15	-	32,309
Acquisition of subsidiaries	813	3,380	200,855	-	-	46,271	-	-	251,319
Transfer from prepaid land lease payment (Note 15)	2,029	-	-	-	-	-	-	-	2,029
Depreciation charge for the year	1,003	1,505	3,467	671	415	174	42	-	7,277
Recognised in income statement (Note 9)	1,003	935	2,440	671	383	125	42	-	5,599
Capitalised in construction project cost (Note 20)	-	570	1,027	-	32	49	-	-	1,678
Disposal	-	(266)	(269)	-	-	(3)	-	-	(538)
At 31 December 2014	7,238	8,888	226,506	671	1,971	47,065	57	-	292,396
Net carrying amount									
At 31 December 2013	34,034	4,441	20,904	-	968	513	432	2,223	63,515
At 31 December 2014	197,769	3,436	96,186	26,169	925	24,285	856	3,062	352,688

14. Property, plant and equipment (contd.)

*** Land and buildings**

	Freehold land RM'000	Short term leasehold land RM'000	Building RM'000	Total RM'000
Cost				
At 1 January 2013	-	-	36,070	36,070
Addition	-	-	1,357	1,357
At 31 December 2013	-	-	37,427	37,427
At 1 January 2014	-	-	37,427	37,427
Acquisition of subsidiaries	76,800	7,821	71,040	155,661
Addition	-	-	2,474	2,474
Transfer from prepaid land lease payment	-	9,445	-	9,445
At 31 December 2014	76,800	17,266	110,941	205,007
Accumulated depreciation				
At 1 January 2013	-	-	2,618	2,618
Depreciation charge for the year	-	-	775	775
At 31 December 2013	-	-	3,393	3,393
At 1 January 2014	-	-	3,393	3,393
Acquisition of subsidiaries	-	166	647	813
Depreciation charge for the year	-	149	854	1,003
Transfer from prepaid land lease payment	-	2,029	-	2,029
At 31 December 2014	-	2,344	4,894	7,238
Net carrying amount				
At 31 December 2013	-	-	34,034	34,034
At 31 December 2014	76,800	14,922	106,047	197,769

14. Property, plant and equipment (contd.)

	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
Company						
Cost						
At 1 January 2013	-	351	112	-	-	463
Additions	-	770	72	137	126	1,105
Disposals	-	-	(18)	(13)	-	(31)
Written off	-	-	(1)	-	-	(1)
Reclassification	-	-	(55)	55	-	-
At 31 December 2013	-	1,121	110	179	126	1,536
At 1 January 2014	-	1,121	110	179	126	1,536
Additions	2,474	173	206	27	1	2,881
At 31 December 2014	2,474	1,294	316	206	127	4,417
Accumulated depreciation						
At 1 January 2013	-	33	30	-	-	63
Depreciation during the year (Note 9)	-	114	7	16	9	146
Disposals	-	-	(4)	(3)	-	(7)
Written off	-	-	(1)	-	-	(1)
Reclassification	-	-	(15)	15	-	-
At 31 December 2013	-	147	17	28	9	201
At 1 January 2014	-	147	17	28	9	201
Depreciation during the year (Note 9)	31	247	30	30	19	357
Recognised in income statement (Note 9)	31	131	10	26	19	217
Capitalised in construction project cost (Note 20)	-	116	20	4	-	140
At 31 December 2014	31	394	47	58	28	558
Net carrying amount						
At 31 December 2013	-	974	93	151	117	1,335
At 31 December 2014	2,443	900	269	148	99	3,859

14. Property, plant and equipment (contd.)

(a) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM31,149,563 (2013: RM8,280,827) of which RMNil (2013: RM210,000) 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 RM1,081,978 (2013: RM1,819,163).

Leased assets are pledged as security for the related finance lease liabilities as referred in Note 24.

(b) The net carrying amount of property plant and equipment pledged to financial institutions for bank borrowing as referred to in Note 24 are RM25,792,576 (2013: RM21,463,353).

15. Prepaid land lease payment

	Group	
	2014	**2013**
	RM'000	RM'000
Cost		
At 1 January	9,445	9,445
Transfer to property, plant and equipment	(9,445)	-
At 31 December	-	9,445
Accumulated amortisation		
At 1 January	2,029	1,790
Amortisation for the year (Note 9)	-	239
Transfer to property, plant and equipment	(2,029)	-
At 31 December	-	2,029
Net carrying amount	-	7,416
Amount to be amortised:		
Not later than 1 year	-	239
Later than 1 year but not later than 5 years	-	956
Later than 5 years	-	6,221
	-	7,416

16. Intangible assets

	Goodwill RM'000	Construction contracts RM'000	Power purchase agreement RM'000	Total RM'000
Cost				
At 1 January 2013/2014 and 31 December 2013/2014	24,051	9,917	2,510	36,478
Accumulated amortisation				
At 1 January 2013	-	3,239	-	3,239
Amortisation (Note 9)	-	4,135	-	4,135
At 31 December 2013	-	7,374	-	7,374
Amortisation (Note 9)	-	1,426	-	1,426
Impairment (Note 9)	24,051	-	-	24,051
At 31 December 2014	24,051	8,800	-	32,851
Net carrying amount				
At 31 December 2014	-	1,117	2,510	3,627
At 31 December 2013	24,051	2,543	2,510	29,104

Goodwill

Goodwill arising from a business combination had been allocated to the transmission lines construction cash generating unit, for impairment testing.

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 efficiency movements.

Pre-tax discount rates - Discount rates of 11.1% (2013: 12.4%) 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.

Impairment loss recognised

During the financial year, an impairment loss of RM24,051,000 was recognised in other expenses in the statement of profit or loss to write down the goodwill arising from the acquisition of Trenergy Infrastructure Sdn. Bhd. previously as a result of weak performances and significant loss incurred in current year.

17. Other assets

	Group	
	2014	**2013**
	RM'000	RM'000
Downpayment for purchase of helicopters	28,659	26,302

18. Investment in subsidiaries

	Company	
	2014	**2013**
	RM'000	RM'000
Unquoted shares, at cost	447,651	166,929
Accumulated impairment losses	(57,511)	-
	390,140	166,929

Details of the subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation**	**Principal activities**	**% of ownership held by the Group ß**		**% of ownership held by non-controlling interest ß**	
			2014	**2013**	**2014**	**2013**
			%	%	%	%
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	100	100	-	-
Sarwaja Timur Sdn. Bhd.*	Malaysia	Manufacture, fabrication, galvanising of steel structures	100	100	-	-
Trenergy Infrastructure Sdn. Bhd.*	Malaysia	Installation and commissioning of transmission lines project	100	100	-	-
PT. Inpola Mitra Elektrindo +	Indonesia	Designing, financing construction of independent and mini hydro power plant	78	78	22	22
Aerial Power Lines Sdn. Bhd.*	Malaysia	Power lines construction, inspection and maintenance services	100	100	-	-
Leader Cable Industry Berhad *	Malaysia	Manufacture and sale of telecommunication and power cables	100	-	-	-
Universal Cable (M) Berhad *	Malaysia	Manufacture and sale of telecommunication and power cables	100	-	-	-

* Audited by Ernst & Young, Malaysia
\+ Audited by a firm other than Ernst & Young
β equal to proportion of voting rights held

18. Investment in subsidiaries (contd.)

(a) Acquisition of the entire equity interest in Universal Cable (Malaysia) Berhad ("UCMB") and Leader Cable Industry Berhad ("LCIB")

On 21 October 2014, the Company entered into a Condition Share and Purchase agreement with HNG Capital Sdn. Bhd. ("HNG") to acquire the entire equity interest in UCMB and LCIB, both companies principally involved in the business of manufacture and sale of telecommunication and power cables for a purchase consideration of RM212 million. The acquisition of UCMB and LCIB is a strategic move by the Group to further expand the capacity and capability of its manufacturing division of the Group in West Malaysia.

On 30 December 2014, the Company completed the proposed acquisition of UCMB and LCIB. The fair value of UCMB's and LCIB's identifiable assets, liabilities and contingent liabilities has been determined based on provisional value pending the completion of the valuation conducted by an independent valuer on UCMB's and LCIB's identifiable assets and liabilities and contingent liabilities. Upon the completion of valuation (within 12 months from the date of acquisition), any changes in the fair value of the assets and liabilities as compared to provisional value will be adjusted on restrospective basis.

The negative goodwill on the acquisition of the subsidiaries amounted to approximately RM104.6 million which has been recognised as other income in the consolidated statement of profit or loss and other comprehensive income of the Group.

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

	UCMB RM'000	**LCIB** RM'000	**Total** RM'000
Assets			
Property, plant and equipment	138,995	121,332	260,327
Inventories	46,363	25,558	71,921
Trade and other receivables	227,745	119,721	347,466
Other current assets	990	27	1,017
Cash and bank balances	22,535	5,029	27,564
Deferred tax assets	43,864	-	43,864
	480,492	271,667	752,159
Liabilities			
Borrowings	174,189	100,826	275,015
Trade and other payables	97,750	64,048	161,798
Other current liabilities	677	4	681
Deferred tax liabilities	-	4,282	4,282
	272,616	169,160	441,776
Total identifiable net assets	207,876	102,507	310,383
Negative goodwill on acquisition	(68,001)	(36,576)	(104,577)
Total purchase consideration transferred	139,875	65,931	205,806

Purchase consideration	
Cash paid	110,324
37,600,000 ordinary shares of the Company issued at RM1.39 each	52,264
Assumption of HNG's liabilities in respective subsidiaries	49,600
	212,188
Less: Contingent consideration (profit guarantee)	(6,382)
	205,806

18. Investment in subsidiaries (contd.)

(a) Acquisition of the entire equity interest in Universal Cable (Malaysia) Berhad ("UCMB") and Leader Cable Industry Berhad ("LCIB") (contd.)

Cash flow on acquistion

	Total RM'000
Total consideration	205,806
Less: Settlement via issuance of shares	(52,264)
Less: Settlement via assumption of HNG's liabilities in respective subsidiaries	(49,600)
	103,942
Less: Cash and cash equivalents of subsidiaries acquired	(27,564)
Net cash outflow on acquisition	76,378

Issuance of ordinary share as part of purchase consideration

In connection with the acquisition, the Company issued 37,600,000 ordinary shares with a fair value of RM1.39 each. The fair value of these shares is the published price of the shares at the completion date, 30 December 2014.

The attributable cost of the issuance of shares as consideration of RM22,000 has been recognised in equity as deduction from share premium.

Acquisition related costs of RM2.87 million incurred were expensed off and are included in administrative expenses in profit or loss.

Contingent consideration ("profit - guarantee arrangement")

As part of sales and purchase agreement with HNG Capital Sdn. Bhd. ("HNG"), a profit guarantee has been agreed on. HNG guaranteed total profit before tax of UCMB and LCIB for the year ended 31 December 2014 shall not be less than RM21 million. In the event the total profit before tax of UCMB and LCIB is less than profit guarantee arrangement, HNG shall pay the shortfall amount within 90 days from the date of signed audited financial statement.

As at the date of acquisition, the fair value of the contingent consideration was estimated to be RM6,382,000. At the reporting date, the total profit before tax of UCMB and LCIB is RM14,618,000 and a profit guarantee shortfall of RM6,382,000 has been recognised as profit guarantee receivable in other receivables.

(b) During the year, the Company had increased the investment in subsidiaries, namely Universal Cable (Sarawak) Sdn. Bhd., Sarwaja Timur Sdn. Bhd. and Trenergy Infrastructure Sdn. Bhd., by way of increase the paid up capital of these subsidiaries, from RM15 million to RM70 million, RM33.3 million to RM42.3 million and from RM5 million to RM15 million respectively.

(c) Acquisition of additional interests in the subsidiaries in 2013

(i) Sarawak Power Solution Sdn. Bhd. ("SPSSB")

During the financial year ended 31 December 2013, the Company acquired the remaining 49% equity interest in SPSSB from non-controlling interest at a consideration of RM245,000. As a result of this acquisition, SPSSB became a wholly-owned subsidiary of the Company. The following summarise the effect of the change in the Group's ownership interest in SPSSB on the equity attributable to equity holders of the Company:

	RM'000
Consideration paid to non-controlling interest shareholders	245
Decrease in equity attributable to non-controlling interest	(155)
Decrease in equity attributable to equity holders of the Company	90

18. Investment in subsidiaries (contd.)

(c) Acquisition of additional interests in the subsidiaries in 2013 (contd.)

(ii) PT. Inpola Mitra Elektrindo ("IME")

During the financial year ended 31 December 2013, the Company acquired an additional 13% equity interest in IME from non-controlling interest at the consideration of RM1,436,000. The following summarise the effect of the change in the Group's ownership interest in IME on the equity attributable to equity holders of the Company:

	RM'000
Consideration paid to non-controlling shareholders	1,436
Decrease in equity attributable to non-controlling interest	(1,131)
Decrease in foreign currency translation reserve attributable to non-controlling interest	(182)
Decrease in equity attributable to equity holders of the Company	123

(iii) Acquisition of the Aerial Power Lines Sdn. Bhd. ("APLSB")

During the financial year ended 31 December 2013, the Company acquired 100% of equity interest in APLSB at cash consideration of RM2. APLSB is intended to carry on and to provide the business as aerial power line operator, to provide chartered or non-scheduled helicopters services and as investment holding company. As at 31 December 2013, APLSB has not commenced operations.

19. Inventories

	Group	
	2014	**2013**
	RM'000	RM'000
At cost		
Raw materials	40,344	19,685
Work-in-progress	30,373	6,046
Finished goods	35,733	19,320
Trading products	15,981	45
	122,431	45,096

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Construction contract cost incurred to date	460,726	385,995	148,809	2,937
Attributable profit	(15,114)	42,446	2,158	-
	445,612	428,441	150,967	2,937
Less: Progress billings	(430,451)	(382,934)	(150,885)	-
	15,161	45,507	82	2,937

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Presented as:				
Gross amount due from customers for contract (Note 22)	17,934	47,154	82	2,937
Gross amount due to customers for contract work (Note 26)	(2,773)	(1,647)	-	-
	15,161	45,507	82	2,937
Retention sums on construction contract included in trade receivables (Note 21)				
Current	14,826	10,048	-	-
Non-current	21,494	8,093	15,089	-
	36,320	18,141	15,089	-
The costs incurred to date on construction contracts include the following charges during the financial year:				
Interest expense (Note 7)	911	944	-	-
Rental expenses for building	89	-	89	14
Employee benefits expense (Note 10)	5,781	5,570	2,158	201
Depreciation of property, plant and equipment (Note 14)	1,678	2,245	140	-

21. Trade and other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	412,910	64,185	45,052	-
Retention sums on contracts (Note 20)	14,826	10,048	-	-
	427,736	74,233	45,052	-
Less: Allowance for impairment	(15,934)	(2,502)	-	-
Trade receivables, net	411,802	71,731	45,052	-

21. Trade and other receivables (contd.)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Current (contd.)				
Other receivables				
Profit guarantee receivable	6,382	-	6,382	-
Refundable deposits	1,437	413	10	8
Other receivables	16,627	3,011	334	1
Advanced payment to subcontractors	53,472	317	52,848	-
Amount due from subsidiaries	-	-	66,653	20,467
Other receivables, net	77,918	3,741	126,227	20,476
Less: Allowance for impairment	(1,801)	(84)	-	-
	76,117	3,657	126,227	20,476
Total trade and other receivables (current)	487,919	75,388	171,279	20,476
Non-current				
Trade receivables				
Retention sum on contracts (Note 20)	21,494	8,093	15,089	-
Less: Allowance for impairment	(419)	(1,493)	-	-
Trade receivables, net	21,075	6,600	15,089	-
Total trade and other receivables	508,994	81,988	186,368	20,476
Add: Cash and bank balances (Note 23)	62,932	68,983	13,558	52,291
Add: Concessions financial assets (non-current) (Note 29)	33,185	-	-	-
Total loans and receivables	605,111	150,971	199,926	72,767
Total financial instruments at fair value through other comprehensive income	27	-	-	-
Total financial assets	605,138	150,971	199,926	72,767

21. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 day (2013: 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 and Company's trade receivables are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	195,331	41,403	60,141	-
1 to 30 days past due not impaired	54,481	15,323	-	-
31 to 60 days past due not impaired	91,767	5,550	-	-
61 to 90 days past due not impaired	20,197	3,315	-	-
91 to 120 days past due not impaired	13,768	1,528	-	-
More than 121 days past due not impaired	7,760	9,009	-	-
	187,973	34,725	-	-
Impaired	65,926	6,198	-	-
	449,230	82,326	60,141	-

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 and the Company.

None of the Group's or the Company'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 RM187,973,000 (2013: RM34,725,767) 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	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables nominal amounts	65,397	2,469	529	3,729	65,926	6,198
Less: Allowance for impairment	(15,824)	(2,392)	(529)	(1,603)	(16,353)	(3,995)
	49,573	77	-	2,126	49,573	2,203

Movement in allowance accounts for trade receivables:

	Group	
	2014	**2013**
	RM'000	RM'000
At 1 January	3,995	6,285
Acquisition of subsidiaries	11,103	-
Charge for the year (Note 9)	3,982	340
Reversal of allowance for impairment loss (Note 6)	(1,407)	(1,094)
Written off	(328)	(36)
Unwinding of discount on long term retention sum (Note 6)	(992)	(1,500)
At 31 December	16,353	3,995

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 have provided an allowance of RM1,801,300 (2013: RM83,733) for impairment for the other receivables with a nominal amount of RM1,801,300 (2013: RM83,733).

(c) Amount due from subsidiaries

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

22. Other current assets

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Prepayments	21,927	2,247	262	100
Gross amount due from customers for contract work (Note 20)	17,934	47,154	82	2,937
	39,861	49,401	344	3,037

23. Cash and bank balances

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	47,394	8,161	13,558	2,369
Deposits with licensed banks	15,538	60,822	-	49,922
Cash and bank balances	62,932	68,983	13,558	52,291

(a) Cash at bank of the Group and the Company amounted RM9,056,936 (2013: Nil) have been pledged for a licenced bank for the purpose of principal and interest repayment obligation in relation to the Company's borrowing as referred in Note 24.

(b) Deposits with licensed banks of the Group amounting to RM14,138,645 (2013: RM8,607,603) are pledged to banks for borrowings granted as referred in Note 24 and guarantee for power purchase agreement in a subsidiary.

(c) The weighted average effective interest rates at the reporting date for the Group and the Company were range 2.47% - 3.15% (2013: 2.94%) and 2.90% (2013: 2.90%) per annum respectively.

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	38,337	8,161	4,501	2,369
Deposits with licensed banks	1,400	52,215	-	49,922
	39,737	60,376	4,501	52,291

24. Loans and borrowings

	Maturity	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Unsecured:					
Bankers' acceptances	2015	195,810	13,219	-	-
Revolving credit	2015	36,085	19,644	26,085	15,000
Local bill purchases/invoices financing	2015	86,635	-	-	-
Export credit financing	2015	1,524	-	-	-
Term loan	2015	10,920	-	-	-
		330,974	32,863	26,085	15,000
Secured:					
Term loan	2015	13,300	27,700	13,300	27,700
Bankers' acceptances	2015	7,181	6,000	-	-
Revolving credit	2015	28,932	15,000	11,932	-
Obligations under finance lease (Note 34(c))	2015	478	569	-	-
Flexi financing trade loan	2015	12,167	-	-	-
		62,058	49,269	25,232	27,700
Total current borrowings		393,032	82,132	51,317	42,700
Non-current					
Unsecured:					
Term loan	2016-2017	8,800	-	-	-
Secured:					
Revolving credit	2016-2019	86,794	-	86,794	-
Obligation under finance lease (Note 34(c))	2016-2017	572	1,170	-	-
		87,366	1,170	86,794	-
Total non-current borrowings		96,166	1,170	86,794	-
Total borrowings		489,198	83,302	138,111	42,700

The remaining maturities of the borrowings as the reporting date are as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
On demand or within 1 year	393,032	82,132	51,317	42,700
More than 1 year and less than 2 years	18,898	483	13,423	-
More than 2 years and less than 5 years	77,268	687	73,371	-
	489,198	83,302	138,111	42,700

24. Loans and borrowings (contd.)

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 4.93% (2013: 4.95%) per annum

Bankers' acceptances, revolving credit and flexi financing trade loan

Certain bankers' acceptances and revolving credit of the Group amounting to RM8,037,000 (2013: RM1,554,000) are secured by:

(i) first legal charge over the land as referred in Note 14 ; and
(ii) a debenture covering fixed and floating charge over present and future assets of the subsidiary.

Certain bankers' acceptances, revolving credit and flexi financing trade loan of the Group amounting to RM28,311,074 (2013: RM19,446,000) are secured by deposits with bank as referred in Note 23.

Revolving credit

Revolving credit of the Group and the Company amounting to RM98,725,326 is secured by:

(i) Cash at bank as referred in Note 23 to the financial statement; and
(ii) 100% equity interest in both subsidiaries, Universal Cable (Malaysia) Bhd and Leader Cable Industry Bhd.

Term loan

The term loan of the Company amounting to RM13,300,000 (2013: RM27,700,000) is secured by negative pledge over 25% equity interest in Sarwaja Timur Sdn Bhd and the entire equity interest in Trenergy Infrastructure Sdn Bhd.

Other unsecured borrowings of the Group are secured by corporate guarantee of the Company.

The interest rates of these borrowings at the reporting date are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	%	%	%	%
Bankers' acceptances	3.57 - 5.26	3.51 - 4.93	-	-
Revolving credit	4.32 - 5.18	4.32 - 4.73	4.32 - 4.70	4.32 - 4.70
Term loans	5.03 - 5.66	5.03	-	5.03
Local bill purchases/ invoices financing	5.73	-	-	-
Export credit financing	1.08	-	-	-
Foreign currency trade loan	1.72 - 1.77	-	-	-
Flexi financing trade loan	5.28 - 5.38	-	-	-

Breach of loan covenants

As at 31 December 2014, certain subsidiaries have breached certain loan covenants with some licensed banks where the total outstanding owing to them amounted to RM55,805,878. These amount are short term borrowings which are classified as current liabilities as at 31 December 2014.

25. Trade and other payables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	247,620	35,437	108,353	-
Amount due to a related company	42,669	-	-	-
Less: Amortisation	(209)	(46)	-	-
Trade payables, net	290,080	35,391	108,353	-
Other payables				
Accrued operating expenses	20,948	3,599	1,810	1,605
Other payables	15,990	17,607	450	1,352
Advance received	70,437	345	50,611	8
Amount due to subsidiaries	-	-	47,117	7,593
	107,375	21,551	99,988	10,558
Total trade and other payables	397,455	56,942	208,341	10,558
Add: Loans and borrowings (Note 24)	489,198	83,302	138,111	42,700
Total financial liabilities carried at amortised cost	886,653	140,244	346,452	53,258
Total financial instruments at fair value through other comprehensive income	677	-	-	-
Total financial liabilities	887,330	140,244	346,452	53,258

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 120 days (2013: 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 (2013: 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 4.39% to 4.65% (2013: 4.20% to 4.52%) per annum, having an average maturity of less than 12 months.

(d) Amount due to a related company

Amount due to a related company represented the company in which a director of the Company has substantial financial interest.

26. Other current liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Gross amount due to customers for contract work (Note 20)	2,773	1,647	-	-

27. Deferred tax

Deferred income tax as at 31 December 2014 and 2013 relates to the following:

	As at 1 January 2013 RM'000	Recognised in profit or loss RM'000	Exchange difference RM'000	As at 31 December 2013 RM'000	Acquisition of subsidiaries RM'000	Recognised in profit or loss RM'000	As at 31 December 2014 RM'000
Group							
Deferred tax liability:							
Property, plant and equipment	7,175	(490)	-	6,685	30,083	(109)	36,659
Construction contracts	2,268	(1,158)	-	1,110	-	(832)	278
Others	64	(74)	-	(10)	(214)	(4)	(228)
Other financial assets	-	-	-	-	-	473	473
	9,507	(1,722)	-	7,785	29,869	(472)	37,182
Deferred tax asset:							
Allowance for impairment losses	(1,577)	855	-	(722)	-	(355)	(1,077)
Provision for inventory obsolescence	-	(160)	-	(160)	(47)	(768)	(975)
Unutilised reinvestment allowance	-	-	-	-	(65,246)	-	(65,246)
Unutilised tax losses	(687)	743	(56)	-	-	-	-
Amount due from customers	(50)	(5)	-	(55)	(462)	(1,539)	(2,056)
Property, plant and equipment	-	-	-	-	(3,536)	-	(3,536)
Derivatives	-	-	-	-	(161)	-	(161)
	(2,314)	1,433	(56)	(937)	(69,452)	(2,662)	(73,051)
Deferred tax liabilities/(assets)	7,193	(289)	(56)	6,848	(39,583)	(3,134)	(35,869)

	As at 1 January 2013 RM	Recognised in profit or loss RM	As at 31 December 2013 RM	Recognised in profit or loss RM	As at 31 December 2014 RM
Company					
Deferred tax liability:					
Property, plant and equipment	-	36	36	35	71
Deferred tax asset:					
Amount due from customers	-	-	-	(1,448)	(1,448)
Deferred tax liabilities/(assets)	-	36	36	(1,413)	(1,377)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	44,768	-	1,377	-
Deferred tax liabilities	(8,899)	(6,848)	-	(36)
	35,869	(6,848)	1,377	(36)

27. Deferred tax (contd.)

Deferred tax assets have not been recognised in respect of the following item:

	Group	
	2014	**2013**
	RM'000	RM'000
Unutilised tax losses	43,086	-

28. Derivatives

	Notional amount		Assets/(liabilities)	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Group				
Derivatives – financial instruments at fair value through other comprehensive income				
- Forward currency contracts	208	-	27	-
- Commodity forward contracts	(6,957)	-	(677)	-
Total derivatives	(6,749)	-	(650)	-

(a) Forward currency contracts

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedge and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Forward currency contracts are used to hedge the Group's receivables denominated in USD, HKD and SGD for which the commitments existed at the reporting date, extending to January 2015.

(b) Hedging derivatives

The Group purchases aluminium rods on an ongoing basis for the production. As a result of the volatility in aluminium prices, the Group held commodity forward contracts designated as a hedges of highly probable forecast aluminium purchases to reduce the volatility of cash flows.

These contracts are intended to hedge the volatility in the purchase price of aluminium for a period between 3 to 12 months based on anticipated raw material requirements.

There were no highly probable transactions for which hedge accounting had previously been used, which is no longer expected to occur. No amount was recognised for ineffectiveness in cost of sales in the profit or loss for the current year.

29. Concessions financial assets

	Group	
	2014	**2013**
	RM'000	RM'000
Non-current:		
At 1 January	-	-
Concessions construction revenue	32,216	-
Accrued finance income (Note 9)	969	-
At 31 December	33,185	-

29. Concessions financial assets (contd.)

On 23 September 2010, PT Inpola Mitra Elektrindo ("IME"), a subsidiary of the Company, signed a Power Purchase Agreement ("PPA") for 20 years with Perusahaan Listrik Negara Persero, North Sumatra, Indonesia ("PLN") for the installation, operation and maintenance of a mini hydro plant. IME is required to design, finance, develop, own and operate the mini hydro plant at Lae Kombih 3 at net capacity of 8MV (2X 4000KW) for the period of 20 years upon the commercial operation date of the plant. PLN is the sole provider of electricity supply to the end consumers at North Sumatera, Indonesia.

Significant terms of the arrangement are as follows:

- The period of the concession is 20 years. This duration can be extended based on the written agreement of both parties.
- PLN must purchase and make payment to IME for the electrical energy produced from IME's owned generation plant, according to the measured kWH transactions.
- IME must sell and distribute the electrical energy it produce to the PLN as stipulated in the clauses of the agreement, except when so determined by both parties at other occasions;
- IME is required to ensure the constant supply of electrical energy produced averaging 45.55 GWh per year or with the capacity factor the size of 65% during the concession period.
- IME must construct Mid Distribution Tension (20 kV) ("JTM 20 kV") from its power house to the Sub Station Salak (new substation owned by PLN);
- All cost of construction and maintenance of the JTM 20 kV from the power house owned by IME to the new Sub Station Salak owned by PLN is the sole responsibility of IME;
- IME is responsible to manage all government authorizations and agreement including extension and/or changes needed to be done for development, operation and maintenance of generation plant including management of land ownership.
- The purchase price of the electrical energy is specified in Clause 10 in the PPA.
- The adjustment to the electrical energy price can only be made when there are changes in Laws and Regulation of the Government, but not limited to issues of taxes, retribution of water and others which have direct implications to the costs of implementation of the project.
- When during the execution of the agreement, accidents, damages, fire or theft occurred including indirect losses from defaults and negligence, then either IME or PLN that causes the losses will have to bear the cost of losses.

The above arrangement has been accounted under the requirement of IC Interpretation 12: Service Concession Arrangement under financial assets model. At the reporting date, IME is still in the process of constructing of the mini hydro plant. The fair value of construction services provided and the effective interest has been recognised as financial receivables from PLN.

30. Share capital and share premium

(a) Share capital

	Number of ordinary shares of RM0.50 Each		Amount	
	2014	**2013**	**2014**	**2013**
	'000	'000	RM'000	RM'000
Company				
Authorised:				
At 1 January/ 31 December	500,000	500,000	250,000	250,000
	======	======	======	======
Issued and fully paid:				
At 1 January	279,450	155,250	139,725	77,625
Rights issue	-	77,625	-	38,812
Bonus issue	-	46,575	-	23,288
Issuance of shares pursuant to acquisition of subsidiaries	37,600	-	18,800	-
At 31 December	317,050	279,450	158,525	139,725
	======	======	======	======

30. Share capital and share premium (contd.)

During the financial year, the Company increased its issued and paid up ordinary share capital from RM139,725,000 to RM158,525,000 by issuance of 37,600,000 new ordinary share of RM0.50 each at an issue price of RM1.39 per ordinary share as part of consideration for the acquisition of subsidiaries during the financial year.

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. The new ordinary shares issued during the year ranked pari passu in respects with the existing shares of the Company.

(b) Share premium

	2014	**2013**
	RM'000	RM'000
At 1 January	46,354	31,783
Issuance of of 37,600,000 ordinary shares of RM0.50 each at fair value of RM1.39 each	33,464	-
Rights issue of 77,625,000 ordinary shares of RM 0.50 each at an issue price of RM 1.00 each	-	38,813
Bonus issue of 46,575,000 ordinary shares of RM 0.50 each at an issue price of RM 0.50 each	-	(23,288)
Share issuance expense	(22)	(954)
At 31 December	79,796	46,354

31. Revenue reserve

The Company may distribute dividends out of its entire revenue reserves as at 31 December 2014 and 31 December 2013 under the single tier system.

32. Foreign currency translation reserve

The foreign currency translation reserves represent exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

33. Dividends

	Group and Company	
	2014	**2013**
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final single tier dividend for 2013: 1.5 sen per ordinary share	4,192	-
- First and final single tier dividend for 2012: 2.5 sen per ordinary share	-	3,881
	4,192	3,881
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the annual general meeting		
- First and final single tier dividend: 2.5 sen (2013: 1.5 sen) per share	7,926	4,192

33. Dividends (contd.)

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December 2014 of 2.5 sen per ordinary share on 317,050,000 ordinary shares, amounting to a dividend payable of RM7,926,250 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 2015.

34. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	85,873	102,309	15	-
Approved but not contracted for:				
Property, plant and equipment	9,722	10,735	133	1,604
	95,595	113,044	148	1,604

(b) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have a life of between 1 to 2 years with between 2 and 3 years renewal period and purchase option included in the contracts. The Company is restricted from sub-leasing some of the leased land and buildings to third parties.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2014	**2013**
	RM'000	RM'000
Not later than 1 year	138	-
Later than 1 year and not later than 5 years	33	-
	171	-

34. Commitments (contd.)

(c) 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	
	2014	**2013**
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	519	636
Later than 1 year but not later than 2 years	454	529
Later than 2 years but not later than 5 years	162	631
	1,135	1,796
Less: Amounts representing finance charges	(85)	(57)
Present value of minimum lease payments	1,050	1,739
Present value payments:		
Not later than 1 year	478	569
Later than 1 year but not later than 2 years	435	483
Later than 2 years but not later than 5 years	137	687
Present value of minimum lease payments	1,050	1,739
Less: Amounts due within 12 months (Note 24)	(478)	(569)
Amount due after 12 months (Note 24)	572	1,170

35. 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	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Sale of cables, conductors and steel structures to:				
- Related companies	8,753	6,924	-	-
Transmission line contract revenue:				
- Related companies	2,658	6,191	-	-
Rental and interest paid to subsidiary	-	-	162	270

35. Related party transactions (contd.)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Interest and rental income received from:				
- Subsidiary	-	-	-	10
Management fees received from:				
- Subsidiary	-	-	5,400	5,400
Purchase of raw materials from:				
- Related companies	130,633	41,348	-	-
Purchase of iron drums from:				
- Related companies	-	6	-	-
Purchase of battery and tyre for vehicles and car rental:				
- A company related to a director	31	19	-	-
Contract fees paid to a related company	13,772	1,438	-	-

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	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	7,446	7,190	3,612	4,096
Contributions to defined contribution plan	875	607	357	239
	8,321	7,797	3,969	4,335
Included in the total key management personnel:				
Directors' remuneration (Note 11)	2,722	2,478	2,351	2,252

36. Fair value of financial instruments

(a) Set out below, is a comparison by class of the carrying amount and the fair value of the Group's financial instruments, other than those which carrying amount are reasonable approximation of fair value

	2014		2013	
	Carrying amount RM'000	**Fair value** RM'000	**Carrying amount** RM'000	**Fair value** RM'000
Financial liabilities:				
Obligation under finance lease	1,000	1,068	1,739	1,731

Obligation under finance lease

The fair value of these financial instruments are estimated by discounting expected future cash flows and the market incremental lending rate for similar type of leasing arrangement at the reporting date.

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Cash and bank balances	23
Trade and other payables	25
Loans and borrowings except obligation under finance lease	24
Concessions financial assets	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

Cash and cash equivalents, trade and other receivables, trade and other payables and borrowings

The carrying amounts approximate fair value due to the relatively short term maturity of these financial instruments.

Derivatives

Fair values of forward contracts are calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

37. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of the Group's assets and liabilities:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurements hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for liabilities of the Group as at 31 December 2014:

	Date of valuation	**Level 1** RM'000	**Level 2** RM'000	**Level 3** RM'000	**Total** RM'000
Financial assets measured at fair value					
Derivatives					
- Forward currency contracts	31 December 2014	-	27	-	27
		======	======	======	======
Financial liabilities measured at fair value					
Derivatives					
- Forward currency contracts	31 December 2014	-	677	-	677
		======	======	======	======
Liabilities for which fair value are disclosed					
Obligation under finance lease	31 December 2014	-	1,068	-	1,068
		======	======	======	======

Quantitative disclosures fair value measurement hierarchy for liabilities of the Group as at 31 December 2013:

	Date of valuation	**Level 1** RM'000	**Level 2** RM'000	**Level 3** RM'000	**Total** RM'000
Liabilities for which fair value are disclosed					
Obligation under finance lease	31 December 2013	-	1,731	-	1,731
		======	======	======	======

There have been no transfers between the fair value hierarchy during the financial year ended 31 December 2014.

38. 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 RM11,037,000 (2013: RM19,438,142) and RM 9,869,000(2013: RM6,945,200) relating to corporate guarantee provided by the Company to the banks on the subsidiaries bank loan and suppliers of the subsidiaries respectively.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade and other receivables on an ongoing basis.

At the reporting date, approximately:

- 29% (2013: 31%) of the Group's trade receivables were due from 2 major customers located in Malaysia.

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.

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

(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.

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 2014				
Financial liabilities:				
Trade and other payables	397,664	-	-	397,664
Borrowings	396,177	101,159	-	497,336
Total undiscounted financial liabilities	793,841	101,159	-	895,000
At 31 December 2013				
Financial liabilities:				
Trade and other payables	56,988	-	-	56,988
Borrowings	84,030	1,160	-	85,190
Total undiscounted financial liabilities	141,018	1,160	-	142,178
Company				
At 31 December 2014				
Financial liabilities:				
Trade and other payables	208,341	-	-	208,341
Borrowings	52,186	91,744	-	143,930
Total undiscounted financial liabilities	260,527	91,744	-	352,271
At 31 December 2013				
Financial liabilities:				
Trade and other payables	10,558	-	-	10,558
Borrowings	44,393	-	-	44,393
Total undiscounted financial liabilities	54,951	-	-	54,951

38. 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 (2013: 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 RM2,437,573 and RM690,552 (2013: RM277,386 and RM131,219) 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 7% (2013: 6.13%) 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 for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

		Profit net of tax	
		2014	**2013**
		RM'000	RM'000
USD/RM	- strengthened 5% (2013: 3%)	487	(331)
	- weakened 5% (2013: 3%)	(487)	331
		======	======
EURO/RM	- strengthened 5% (2013: 3%)	20	-
	- weakened 5% (2013: 3%)	(20)	-
		======	======
SGD/RM	- strengthened 5% (2013: Nil)	138	-
	- weakened 5% (2013: Nil)	(138)	-
		======	======
HKD/RM	- strengthened 5% (2013: Nil)	238	-
	- weakened 5% (2013: Nil)	(238)	-
		======	======
AUD/RM	- strengthened 5% (2013: Nil)	21	-
	- weakened 5% (2013: Nil)	(21)	-
		======	======

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

(e) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in commodity prices.

The Company is exposed to commodity price risk arising from the commodity forward contracts entered into to hedge its forecasted purchases of aluminium. Changes in the spot and forward prices of aluminium will cause corresponding changes in the fair values of the commodity forward contracts. The Company applies cash flow hedge accounting on its commodity forward contracts.

Sensitivity analysis for commodity price risk

At the reporting date, had aluminium prices been 5% higher/lower, with all other variables held constant, the Group's hedging reserve would have been NIL (2013: NIL) higher/lower, arising as a result of an increase/decrease in the fair value of derivatives on which cash flow hedge accounting is applied.

39. 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 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. 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.

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	24	489,198	83,302	138,111	42,700
Less: Cash and bank balances	23	(62,933)	(68,983)	(13,558)	(52,291)
Net debt		426,265	14,319	124,553	(9,591)
Equity		297,489	223,709	246,888	190,352
Capital and net debt		723,754	238,028	371,441	180,761
Gearing ratio		58.9%	6%	33.5%	N/A

40. 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 steel structures segment supplies galvanised steel products and steel structures. It also offers galvanising services.

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

(d) The corporate segment is involved in Group-level corporate and management services, power generation business and provision of helicopters services.

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

Segmental operating results are reviewed on a regular basis by the Group's key management personnel in order to make decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax.

40. Segmental information (contd.)

	Sales of cables and conductors		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Elimination			Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		2014	2013
	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	154,670	75,961	41,535	30,107	110,777	102,643	32,458	-	-	-		339,440	208,711
Inter-segments sales	4,851	6,362	5,515	611	14,031	-	74,400	10,400	(98,797)	(17,373)	A	-	-
Total revenue	159,521	82,323	47,050	30,718	124,808	102,643	106,858	10,400	(98,797)	(17,373)		339,440	208,711
Results:													
Interest income	183	294	110	17	258	262	799	867	(256)	(280)	B	1,094	1,160
Dividend income	-	-	-	-	-	-	69,000	5,000	(69,000)	(5,000)	C	-	-
Depreciation and amortisation	2,228	2,343	1,527	1,988	3,879	7,882	1,069	160	-	-		8,703	12,373
Other non-cash expense	3,545	258	1,802	668	24,468	461	1,676	-	-	-	D	31,491	1,387
Negative goodwill on acquisition	-	-	-	-	-	-	(104,577)	-	-	-		(104,577)	-
Segment profit/(loss)	3,891	5,339	(1,841)	1,921	(72,691)	(2,503)	109,420	3,604	(11,446)	(5,000)	E	27,333	3,361
Segment assets	857,864	110,540	98,173	65,158	76,451	118,677	232,264	112,745	(65,385)	(34,256)	F	1,199,367	372,864
Segment liabilities	470,717	33,815	50,013	13,954	72,964	53,315	373,389	82,401	(65,385)	(34,256)	G	901,698	149,229

40. 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:

	2014 RM'000	**2013** RM'000
Allowance of impairment of receivables	5,658	425
Loss on disposal of land held for sale	-	79
Loss/(gain) in unrealised foreign exchange	1,822	(1)
Impairment of goodwill	24,051	-
Property, plant and equipment written off	-	69
(Reversal)/provision of inventory obsolescence	(2)	416
Unwinding of discount on trade payable	(38)	399
	31,491	1,387

E Reconciliation of profit before tax

	2014 RM'000	**2013** RM'000
Segment profit	38,779	8,361
Dividend received from subsidiaries companies	(69,000)	(5,000)
Impairment of investment in a subsidiary	57,511	-
Impairment for amount due from fellow subsidiary	43	-
	27,333	3,361

F Reconciliation of segment operating assets to arrive at total assets reported in the Group's statement of financial position:

	2014 RM'000	**2013** RM'000
Segment operating assets	1,264,752	407,120
Amount due from fellow subsidiaries	(65,385)	(34,256)
	1,199,367	372,864

G Reconciliation of segment operating liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	2014 RM'000	**2013** RM'000
Segment operating liabilities	967,083	183,485
Amount due to fellow subsidiaries	(65,385)	(34,256)
	901,698	149,229

41. Significant events

Significant events in relation to the acquisition of Universal Cable (Malaysia) Bhd and Leader Cable Industry Berhad is disclosed in Note 18 to the financial statements.

42. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 April 2015.

43. 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 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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	
	2014	**2013**	**2014**	**2013**
	RM'000	RM'000	RM'000	RM'000
Total revenue reserves of the Company and its subsidiaries				
- Realised	186,035	116,434	7,190	4,309
- Unrealised	34,047	(6,848)	1,377	(36)
	220,082	109,586	8,567	4,273
Less: Consolidation adjustments	(122,609)	(33,460)	-	-
Revenue reserves as per financial statements	97,473	76,126	8,567	4,273

ANALYSIS OF SHAREHOLDINGS

as at 27 April 2015

Authorised share capital	:	RM 250,000,000 divided into 500,000,000 ordinary shares of RM 0.50 each.
Issued and fully paid-up capital	:	RM 158,525,000 divided into 317,050,000 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 schedule of ordinary shares

Holdings	No. of holders	Total holdings	%
Less than 100 shares	42	1,584	#
100 - 1,000 shares	182	119,086	0.04
1,001 - 10,000 shares	1,496	7,625,762	2.40
10,001 - 100,000 shares	738	22,149,604	6.99
100,001 to less than 5% of issued shares	136	84,520,968	26.66
5% and above of issued shares	7	202,632,996	63.91
Total	**2,601**	**317,050,000**	**100.00**

less than 0.01%

SUBSTANTIAL SHAREHOLDERS

as per the Register of Substantial Shareholders as at 27 April 2015

		Direct		Indirect	
	Name	No. of shares held	%	No. of shares held	%
1	Dato Sri Mahmud Abu Bekir Taib	57,825,000	18.24	34,182,000 (1)	10.78
2	Sarawak Energy Berhad	52,397,996	16.53	-	-
3	Toh Chee Ching	38,591,996	12.17	2,444,000 (2)	0.77
4	Hng Capital Sdn Bhd	37,600,000	11.86	-	-
5	Central Paragon Sdn. Bhd	34,182,000	10.78	-	-
6	Yek Siew Liong	5,855,000	1.85	38,182,000 (3)	12.04
7	UF Jaya Sdn. Bhd.	4,000,000	1.26	34,182,000 (4)	10.78
8	Tan Sri Dato' Seri H'ng Bok San	237,240	0.07	37,750,000 (5)	11.91
9	Dato' H'ng Chun Hsiang	150,000	0.05	37,600,000 (6)	11.86
10	State Financial Secretary, Sarawak	-	-	52,397,996 (7)	16.53
11	Delegateam Sdn. Bhd	-	-	52,397,996 (7)	16.53
12	Tan Sri Dato Sri Yit Ming Yik @ Yek Min Ek	-	-	38,182,000 (8)	12.04
13	Puan Sri Datin Sri Ting Phik Chai	-	-	38,182,000 (9)	12.04
14	Baodi Development Sdn. Bhd.	-	-	38,182,000 (10)	12.04
15	Yek Min Ek Sdn. Bhd.	-	-	38,182,000 (11)	12.04
16	Datin H'ng Hsieh Ling	-	-	37,600,000 (12)	11.86

Notes:

(1) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(2) Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn. Bhd and his spouse's interest respectively pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965.
(3) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 6A of the Companies Act, 1965.
(4) Deemed interested by virtue of its interest in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(5) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd and his son's interest respectively pursuant to Section 6A(4)(c) and Section 134(12)(c) of the Companies Act, 1965.
(6) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. pursuant to Section 6A(4)(c) of the Companies Act, 1965.
(7) Deemed interested by virtue of its interests in Sarawak Energy Berhad pursuant to Section 6A of the Companies Act, 1965.
(8) Deemed interested by virtue of his interests in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 6A of the Companies Act, 1965.
(9) Deemed interested by virtue of her interests in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 6A of the Companies Act, 1965.
(10) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. via UF Jaya Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(11) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Baodi Development Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(12) Deemed interested by virtue of her interest in HNG Capital Sdn. Bhd. pursuant to Section 6A(4)(c) of the Companies Act, 1965.

LIST OF TOP THIRTY LARGEST SHAREHOLDERS

as at 27 April 2015

Name		No. of shares held	%
1.	Sarawak Energy Berhad	52,397,996	16.53%
2.	HNG Capital Sdn. Bhd.	37,600,000	11.86%
3.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmIslamic Bank Berhad for Dato Sri Mahmud Abu Bekir Taib	36,225,000	11.43%
4.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Dato Sri Mahmud Abu Bekir Taib	21,600,000	6.81%
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching (Account 1)	20,628,000	6.51%
6.	Central Paragon Sdn. Bhd.	17,292,000	5.45%
7.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Central Paragon Sdn. Bhd.	16,890,000	5.33%
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	7,248,000	2.29%
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching (Account 2)	5,628,000	1.78%
10.	Yek Siew Liong	4,550,000	1.44%
11.	UF Jaya Sdn. Bhd.	4,000,000	1.26%
12.	Toh Chee Ching	3,017,996	0.95%
13.	Pui Siaw Min	2,730,000	0.86%
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pui Chin Kim	2,405,900	0.76%
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund 2	2,404,300	0.76%

LIST OF TOP THIRTY LARGEST SHAREHOLDERS

as at 27 April 2015

Name	No. of shares held	%
16. RHB Capital Nominees (Tempatan) Sdn. Bhd. Tiong Teck Mee (SIB)	2,317,640	0.73%
17. Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 1)	2,279,492	0.72%
18. Kiu Siu Ley	2,120,000	0.67%
19. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	2,070,000	0.65%
20. Ching Seng Chai	1,905,000	0.60%
21. Kumpulan Wang Simpanan Guru-Guru	1,350,000	0.43%
22. Kumpulan Wang Simpanan Guru-Guru	1,338,000	0.42%
23. Hoo Ting Yen	1,320,000	0.42%
24. UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Life Berhad (Par Fund)	1,307,000	0.41%
25. Yek Siew Liong	1,305,000	0.41%
26. Lu Yew Hee	1,171,000	0.37%
27. UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Aggressive Fund	1,161,000	0.37%
28. Ling Soon Ting @ Soon Bing	900,000	0.28%
29. UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Strategic Fund	808,000	0.25%
30. Amanahraya Trustees Berhad CIMB Islamic Equity Aggressive Fund	803,200	0.25%

DIRECTORS' INTEREST IN THE COMPANY

as at 27 April 2015

		Direct		Indirect	
	Name	**No. of shares held**	**%**	**No. of shares held**	**%**
1	Dato Sri Mahmud Abu Bekir Taib	57,825,000	18.24%	34,182,000 (1)	10.78%
2	Datuk Fong Joo Chung	590,200	0.19%	-	-
3	Toh Chee Ching	38,591,996	12.17%	2,444,000 (2)	0.77%
4	Tan Sri Dato' Seri H'ng Bok San	237,240	0.07%	37,750,000 (3)	11.91%
5	Yek Siew Liong	5,855,000	1.85%	38,182,000 (4)	12.04%
6	Datuk Kevin How Kow	-	-	-	-
7	Dato' Ahmad Redza bin Abdullah	-	-	-	-
8	Erman bin Radin	122,160	0.04%	-	-
9	Kon Ted Liuk (alternate director to Tan Sri Dato' Seri H'ng Bok San)	-	-	-	-

The Director, Dato Sri Mahmud Abu Bekir Taib, by virtue of his interests in the Company, is also deemed to have interests in shares in the related corporations of the Company to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965. The other Directors have no interests in shares of the related corporations of the Company.

Notes:

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

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

(3) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd and his son's interest respectively pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965.

(4) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 6A of the Companies Act, 1965.

LIST OF PROPERTIES as at 31 December 2014

Item No.	Name of Company	Location	Description	Tenure	Land/ Built-up area (sq. ft.)	Age of Building (years)	Net Book Value (RM'000)	Date of Acquisition
1	Leader Cable Industry Berhad	HS (D) 2/1977, Plot 11, Mukim Pekula, Daerah Kuala Muda, Kedah	Double storey detached office building, three (3) storey detached office, a single storey guard house cum open-sheded parking, detached factory building and detached sub-station building	Leasehold interest 99 years expiring on 11 February 2076	508,514/32,780	25	19,068	13 February 1977
2	Leader Cable Industry Berhad	Lot No.8B, Mukim Pekula, Daerah Kuala Muda, Kedah	Industrial land	Leasehold interest 60 years expiring on 14 June 2049	87,120	-	1,015	30 June 1997
3	Leader Cable Industry Berhad	HS (M) 121, Plot 6, Mukim Pekula, Daerah Kuala Muda, Kedah	One and a half (1 ½) storey detached factory	Leasehold interest 99 years expiring on 9 November 2081	62,293/3,443	25	1,375	27 September 2002
4	Leader Cable Industry Berhad	HS (M) 2/1977, Plot 5, Mukim Pekula, Daerah Kuala Muda, Kedah	A double storey detached office building, a single storey detached pump house c/w water tank, a detached sub-station, a single storey detached guard house, a single storey detached guard house cum open-sheded parking, an open sided parking shed, a single storey detached warehouse (Block A), a single storey detached warehouse (Block B) and a single storey detached factory building	Leasehold interest 99 years expiring on 30 January 2076	383,052/19,066	25	11,636	31 May 1991
5	Leader Cable Industry Berhad	Geran 68913, Lot No 43816, Mk Kapar, Daerah Klang, Selangor	Three (3) storey office building, a single storey factory annexe, an EHV tower annexe, a canteen, a utilities buidling, a sub-station, a guardhouse and two (2) refuse chambers	Freehold	705,597/18,403	14	35,922	15 May 2012
6	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, a fabrication plant, a warehouse, and a guard house	Leasehold interest 60 years expriring on 6 November 2049	779,953/265,001	19	3,409	1 January 1999
7	Universal Cable (M) Berhad	Lot 7302, Title No. Geran 28831, Mukim of Tebrau, District of Johor Bahru, Johor	Double storey detached office building, a single storey detached factory cum double storey office building (Block A), a single storey detached factory (Block B), a single storey detached factory (Block D), a single storey workshop (Block E), a compound plant (Block F)	Freehold	495,549/71,999	36	32,000	1 January 1979
8	Universal Cable (M) Berhad	Lot 7301, Title No. Geran 28836, Mukim of Tebrau, District of Johor Bahru, Johor	Single storey detached factory	Freehold	67,317/25,740	36	4,000	1 January 1979
9	Universal Cable (M) Berhad	Lot No. MLO 6211, Title No. HS(D) 9028, Mukim of Plentong and District of Johor Bahru, Johor	Detached factory annexed with multi storey ccv tower, sub-station, HL and LT room, open shed, guard house and canteen	Freehold	593,770/350,131	21	49,700	1 January 1994
10	Universal Cable (Sarawak) Berhad	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 2 November 2063	261,348/121,766	6	1,696	3 November 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting of Sarawak Cable Berhad ("**SCB**" or "**the Company**") will be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Tuesday, 16 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon.

2. To 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 2014. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM1,055,000 for the financial year ended 31 December 2014. **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) YBhg. Dato Sri Mahmud Abu Bekir Taib **Resolution 3**
ii) YBhg. Datuk Fong Joo Chung **Resolution 4**
iii) Erman Bin Radin **Resolution 5**

5. To consider and if thought fit, to pass the following resolution: **Resolution 6**
"**THAT** pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba, who is over the age of 70 years, be and is 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 7**

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 8**

"**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 9**

"**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 categories 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 4 to 10 of the Circular to Shareholders dated 22 May 2015 ("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 Proposed 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 Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate.

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 2014, if approved at the Seventeenth (17th) Annual General Meeting, will be payable on 27 July 2015 to depositors whose names appear in the Record of Depositors on 3 July 2015.

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 3 July 2015 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 of Directors,

Teoh Wen Jing (MIA 25770)
Company Secretary

Kuching, Sarawak
Dated: 22 May 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:-

(a) Ordinary resolution no. 8 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed resolution no. 8 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 16 June 2014 ("AGM 2014"). The Company did not utilize the mandate that was approved at the AGM 2014.

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. 9 - 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. 9, 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 4 to 10 of the Circular dated 22 May 2015 ("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 SCB Group or adversely affecting the business opportunities available to SCB Group.

Notes:

1. *A Proxy may but need not be a Member of the Company. A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act 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 10 June 2015 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 on*my/our behalf at the Seventeenth (17th) Annual General Meeting of the Company to be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Tuesday, 16 June 2015 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 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 2014.		
2	To approve the payment of Directors' fees for the financial year ended 31 December 2014.		
3	To re-elect YBhg. Dato Sri Mahmud Abu Bekir Taib as Director.		
4	To re-elect YBhg. Datuk Fong Joo Chung as Director.		
5	To re-elect Encik Erman Bin Radin as Director.		
6	To re-appoint YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba as Director.		
7	To re-appoint Messrs. Ernst & Young as auditors for the ensuring year.		
8	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9	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 ....., 2015

.....

Signature of shareholder(s)/common seal

Notes:-

1. A Proxy may but need not be a Member of the Company. A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act 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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SARAWAK CABLE BERHAD
(Company No. 456400-V)

Registered Office
Lot 767, Block 8, Muara Tebas Land District,
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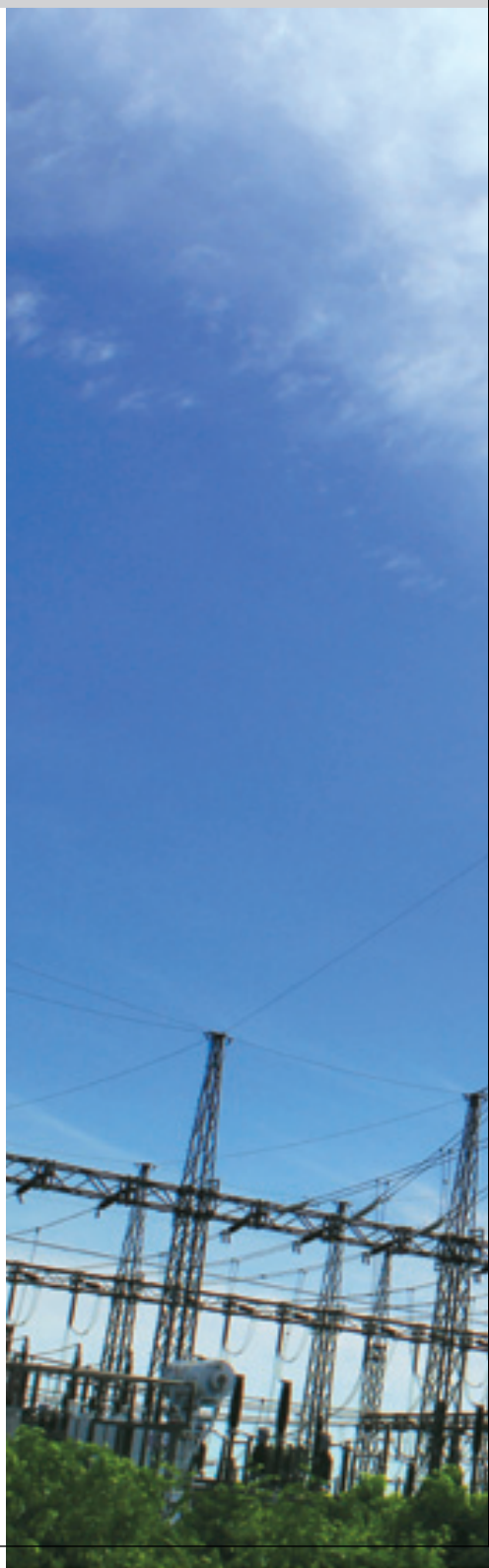
Jalan Bako, 93050 Kuching, Sarawak, Malaysia.
Tel : **+6 082 434 311**
Fax : **+6 082 435 311**

www.sarawakcable.com



QUALITY SYSTEM SIRIM

STANDARDS MALAYSIA MS ISO/IEC 17021:2006 QS 02121999 CB 01

UKAS QUALITY MANAGEMENT 074

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