2011 annual report

SARAWAK CABLE BERHAD

(456400-V)

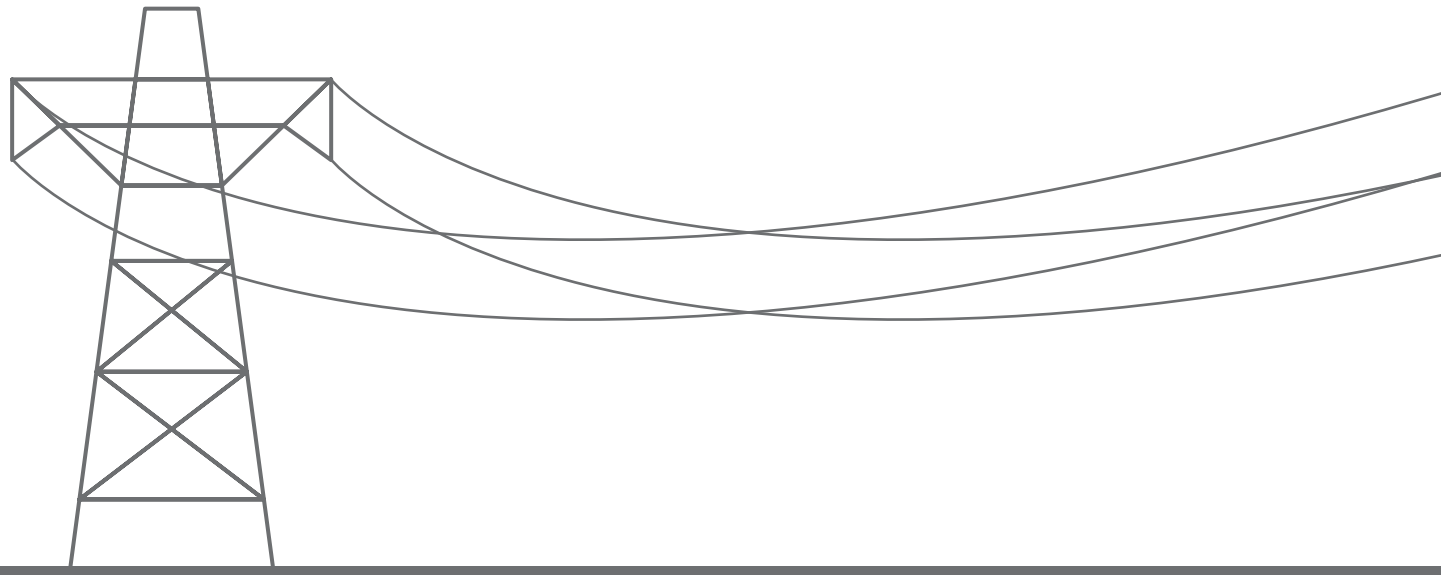
OUR MISSION

WE AIM TO BE THE LEADING PROVIDER OF TOTAL/INTEGRATED POWER SOLUTIONS, CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS, AND THE COMMUNITIES IN WHICH WE OPERATE.

OUR VALUES

INTEGRITY
TRUST
TEAMWORK
INNOVATION
PERFORMANCE
CUSTOMER/CLIENT FOCUS
CARING

Contents



CORPORATE PROFILE

POWER CABLES AND WIRES

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

Single and Multi Core Power Cables and Wires

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

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

High Voltage Bare Conductors

Our Group manufactures high voltage bare conductors that support voltage in excess of 33kV and include:

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

STEEL FABRICATION

We are one (1) of the leading fabricators in Sarawak and our products include 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 the distribution of steel poles.

Hot-Dip Galvanising

We are one (1) of the established hot-dip galvanisers in Sarawak and have the capability to galvanise steel structures ranging from a kettle size of 10 metres (long) x 1.5 metres (wide) x 2.5 metres (depth) to large steel sections of up to 17 metres in length.

INSTALLATION AND COMMISSIONING OF TRANSMISSION LINES PROJECTS

We also undertake supply, installation and commissioning of power cables on a project basis.

"Dear Shareholders,

Last year's Annual Report noted the successful listing of Sarawak Cable Berhad ("Sarawak Cable" or "the Group") on Bursa Malaysia Securities Berhad. Since then, we have been actively seeking to invest in companies with businesses that complement the Group's existing business to secure our growth and evolution."

CHAIRMAN'S STATEMENT

It has been a year of continuing market leadership and corporate transformation to position ourselves for a sustainable future. At the end of year 2010, we had strengthened our business by acquiring a subsidiary with business in manufacturing, fabrication, galvanising and sale of steel structures and products.

Our efforts have borne fruit as was evident in another encouraging year for Sarawak Cable.

The Group remain motivated to deliver shareholder value through performance enhancement, prudent financial management and investments to secure sustainable future revenue streams.

It is my pleasure on behalf of the Board of Directors ("Board") to present the Annual Report of Sarawak Cable for the year ended 31 December 2011.

FINANCIAL PERFORMANCE

Sarawak Cable has achieved another year of commendable performance surpassing the year 2010 levels. The Group increased its revenue from RM129.5 million to RM368.3 million and profit after tax climbed from RM6.3 million to RM19.4 million.

The revenue was mainly generated by sales of cables and conductors and contract revenue segment with revenue contribution of RM124.7 million and RM187.9 million respectively.

On top of this laudable performance, basic earnings per share improved from 4.78 sen to 11.53 sen, while net asset per share advanced from 79 sen to 89 sen, a gain of 12.7%.

Our primary focus at Sarawak Cable will be to continue to consolidate our leadership position and optimising our earnings.

DIVIDENDS

The Board is pleased to recommend for shareholders' approval at the forthcoming Annual General Meeting ("AGM") a final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2011. The interim dividend paid and the recommended final dividend will bring the total dividend for year 2011 to 5.0 sen. The final dividend, if approved at the AGM, Sarawak Cable would have declared and delivered a total dividend of 8.0 sen in cumulative dividends since the listing, amounting to a net payout of RM10.8 million to shareholders.

Sarawak Cable will continue to adopt a progressive dividend policy which seeks, through active capital management, to maximise distribution of its earnings, after setting aside sufficient funding for capital expenditure and working capital requirements.

CORPORATE GOVERNANCE

The Board is committed to upholding and implementing highest standards of corporate governance and best practices throughout the length and breadth of our business. Details of our corporate governance initiatives and internal control policies are detailed in the relevant sections of this Annual Report.

CORPORATE RESPONSIBILITY

Sarawak Cable recognises that good corporate responsibility practices create long-term value for our shareholders and other stakeholders. During the year under review, we fulfilled our commercial objectives towards our shareholders while meeting our stakeholder expectations for responsible business practices across the spectrum of our activities.

OUTLOOK AND PROSPECTS

The Malaysian economy is projected to register a steady growth rate with expansion in domestic and external demand.

Sarawak Corridor of Renewable Energy ("SCORE") is one (1) of the regional development corridors being developed to transform Sarawak into a developed state by year 2020.

One of the six (6) National Key Result Areas announced by the Government of Malaysia under the Government Transformation Programme ("GTP") is to build new and upgraded roads, provide new and restored houses to rural poor and hardcore poor, ensure access to clean or treated water, and to increase percentage of household with access to 24-hour electricity in Sabah and Sarawak.

Sarawak Cable is one (1) of the leading suppliers of wire and cables for various transmission line projects in Sarawak and had tendered for various transmission line projects. Anticipating foreseeable growth in the demand for transmission lines and related products and services, we have commenced to increase our production capacity for steel poles and also to improve the overall output efficiency for our other standard products while enhancing our current project management team to ensure smoother execution of services required.

We envisage that the Group will benefit from the development of Sarawak in the coming years. With the emphasis on improvement of infrastructures under the GTP and the development of power generation capacity in Sarawak under SCORE and Rural Electrification Scheme, the demand for power cables and conductors, fabrication of steel structures, and construction of power transmission line towers and poles is expected to increase.

APPRECIATION

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

We thank our business associates and bankers who have collaborated with us over the past years.

We congratulate the leadership team at Sarawak Cable and all our staff for their efforts which have assured us another good year.

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

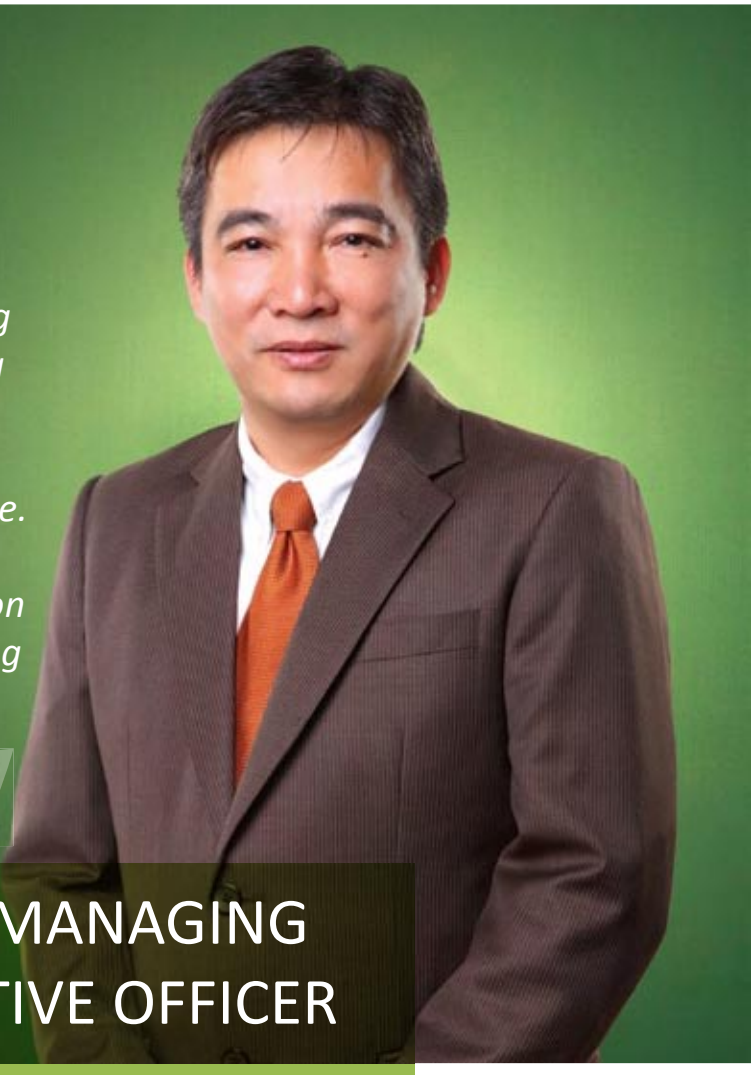
I thank my fellow Board members for lending their counsel to myself and the senior management team, and their wisdom and foresight in leading Sarawak Cable forward.

Dato Sri Mahmud Abu Bekir Taib
Chairman

Dear Shareholders,

Year 2011 was our first full year of operations, following the successful listing of our Company, Sarawak Cable, on Bursa Malaysia Securities Berhad in May 2010.

It was a significant year for Sarawak Cable. We continued to build on our leadership position in the cable, wire and construction industry and laid foundations for emerging business streams that we believe will generate new revenue in the future.



MESSAGE FROM GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

When we look back at year 2011, it has been a truly gratifying year, as in the quest to transform ourselves, we did not lose sight of our existing business and we delivered good results.

STEADY LEADERSHIP AND FINANCIAL RESULTS

The highlights of our performance in year 2011 as compared to year 2010 are summarised as follows:

- Revenue of RM368.3 million, an increase of 184.4%
- Net profit of RM19.4 million, an increase of 206.5%

During the year, the sales of cables and conductors segment remained largely stable, with growth primarily coming from sales of galvanised steel and transmission tower and contract revenue segments.

The new subsidiary whose main activities are in the sales of galvanised steel and transmission tower and contract revenue segment, which was included as part of the Group has contributed positively to the enlarged Group in year 2011.

OPERATIONAL EFFICIENCY, COST CONTROL CULTURE

At Sarawak Cable, we stay ahead of the competition and consolidate our leading position in cable and wire industry by intensifying our on-going efforts to continually control cost, enhance operational efficiency, improve and upgrade manufacturing processes, expand production capacity and the range of products.

We are confident that with a cost control culture permeating across the organisation and our traditionally prudent investment discipline, we are well positioned to optimise our margins. We believe that this will help us generate healthy cash flows and strong earnings, while new investment in our business continues to seek revenue opportunities.

TRANSFORM FOR THE FUTURE

Growth driven organisation

In year 2011, we identified new investments which would complement the Group's performance.

On 8 August 2011, Sarawak Cable entered into a Share Sale Agreement to acquire 65% equity interest in Trenergy Infrastructure Sdn Bhd ("Trenergy").

Trenergy is principally involved in the construction of power transmission lines. Trenergy sources for supplies from our Group, namely high voltage bare conductors including aluminium conductor steel reinforced from our wholly-owned subsidiary, Universal Cable (Sarawak) Sdn Bhd, as well as transmission steel towers and poles, high/low tension galvanised steel structures from Sarwaja Timur Sdn Bhd for the construction of power transmission and distribution lines.

Trenergy's core business activity is the construction of power transmission lines which mainly involves survey works, engineering design, route alignment, foundation testing, towers erection, insulator hoisting, power and conductor erection, stringing works, and final testing and commissioning.

Trenergy's acquisition is a strategic move by Sarawak Cable to expand and complement the existing range of products and services in the power transmission and distribution industry from the supply and manufacture of power cables, wires and steel structures to the construction, installation and commissioning of power transmission and distribution lines by increasing its market presence and foothold in the power transmission industry.

With the proposed Trenergy's acquisition, our Group will become a one-stop manufacturing base and integrated solutions provider for the provision of power cables, wires, fabrication of transmission towers and construction of transmission lines throughout the State of Sarawak, thereby enhancing our market position by securing additional power transmission line projects in Malaysia. As an integrated solutions provider for the power transmission industry, Sarawak Cable will be able to gain access to the entire value chain of the power transmission industry, thereby increasing its negotiation power when tendering and securing new transmission line projects.

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

The proposed acquisition of Trenergy is expected to be completed by the first half of year 2012.

Sarawak Cable also entered into a Conditional Sales and Purchase Agreement on 22 September 2011 and subsequently on 30 January 2012, entered into an Amended and Restated Conditional Sales and Purchase Agreement to acquire 65% equity interest in Pt. Inpola Mitra Elektrindo ("IME").

IME is a limited liability company duly established under the laws of the Republic of Indonesia, and having its registered office at Gedung Taluson Lt. 4, J1. TP Soeroso No. 30, Menteng, Jakarta Pusat 10330, Indonesia. The principal business of IME are general trading, service, construction, agriculture, printing, industry, mining, land transportation and workshop. IME has not commenced operations.

IME was awarded a Power Purchase Agreement ("PPA") on 23 September 2010 by PT Perusahaan Listrik Negara ("PLN") Persero to design, finance and construct a mini hydro power plant in the North Sumatra area. The construction is expected to commence in year 2012 and completed by year 2014.

The on-going billing of electricity purchased by PLN upon the completion of the construction, for a period of twenty (20) years with renewable concession will contribute positively to the Group's revenue and profit would therefore enhance future growth potential and earnings of the Group.

The proposed acquisitions of Trenergy and IME are expected to contribute positively towards the enlarged Group's future earnings.

OUTLOOK

The current outlook for Malaysia economy is steady and the Government has embarked on promising economic transformation programme which is design to spur growth across many industries.

SCORE, one (1) of the five (5) regional development corridors being developed throughout the country will undertake to transform Sarawak into a developed state by year 2020.

The core of SCORE is its energy resources which will allow Sarawak to price its energy competitively and encourage investments in power generation and energy-intensive industries that will trigger the development of a vibrant industrial development in the corridor. SCORE includes investments for energy intensive industries and the development of several hydroelectric power generation dams in order to meet the energy demand. Besides the 2,400 MW Bakun dam, another twelve (12) hydroelectric power generation dams are planned throughout Sarawak.

The Government of Malaysia under the GTP is the improvement to rural basic infrastructure to serve the rural population that constitutes about 35% of Malaysians. In Sabah and Sarawak, there are many villages still not connected by roads and more than a quarter of households do not have access to electricity and lack access to clean or treated water.

Consequently, the Government of Malaysia has embarked on the following aspirations to build more than 7,000 kilometres ("km") of new and upgraded roads, provide 50,000 new and restored houses to the rural poor and hardcore poor (two-thirds of these in Sabah and Sarawak), ensure access to clean or treated water to over 360,000 additional households and provide access to 24-hour electricity to over 140,000 additional households by year 2012.

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

ACKNOWLEDGEMENT

Our business associates, customers and bankers, some of whom have been with Sarawak Cable for many years, we acknowledge your strong support.

We at Sarawak Cable wish to express our sincere appreciation for the continued support and encouragement we have received as an organisation from shareholders, regulatory and government authorities.

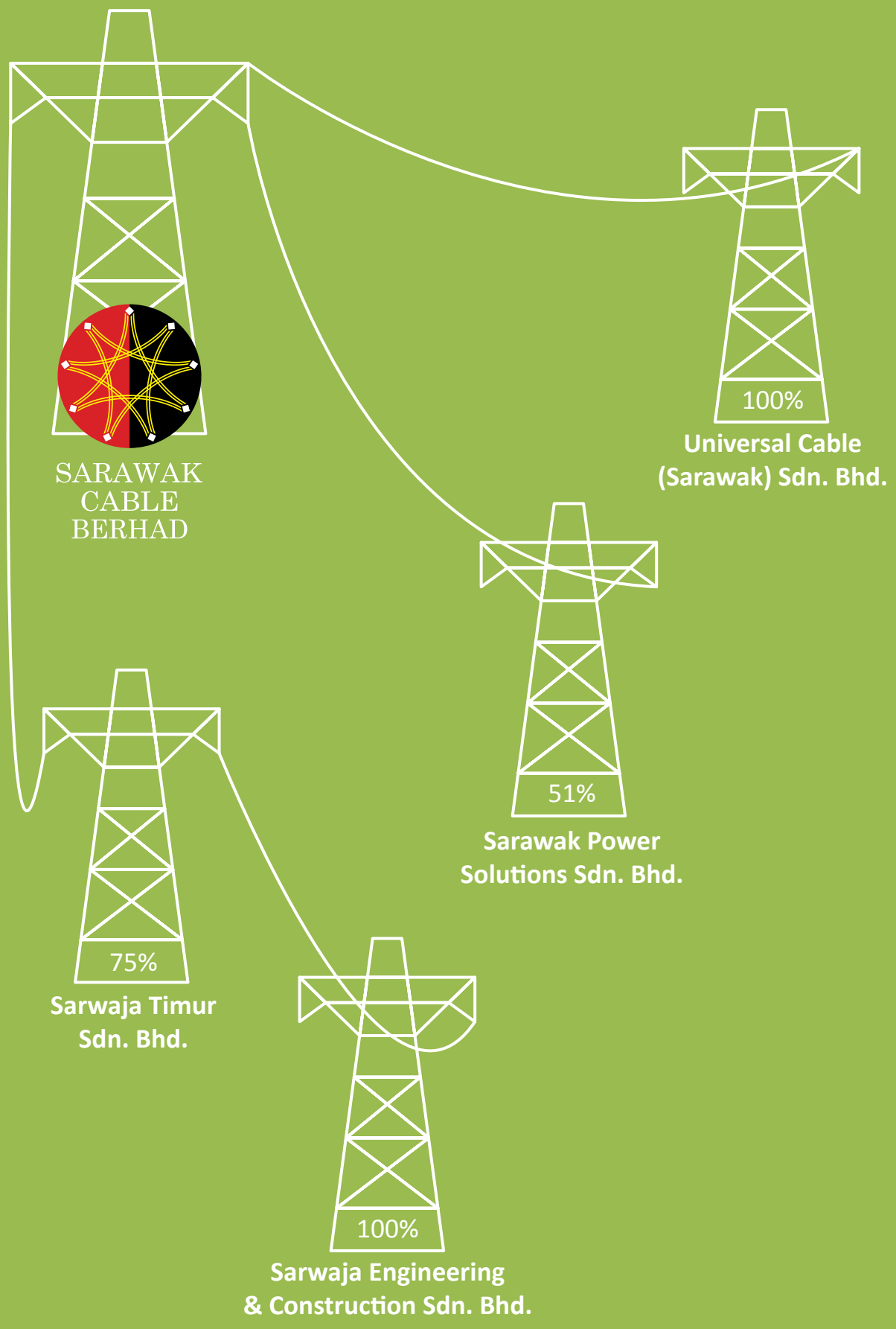
I wish to thank my fellow members of the Board for their wise counsel and invaluable support at all times.

Our employees who put in enormous hours of dedicated hard work are proud of their Company and our performance for this year bears testimony of their ability and diligence.

Finally, I express my gratitude to the management, staff and workers of Sarawak Cable for their continuous support, commitment, effort and hard work, which have brought another profitable year to the Group.

Toh Chee Ching
Group Managing Director/ Chief Executive Officer

GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Toh Chee Ching
Group Managing Director / Chief Executive Officer

Dato' Seri H'ng Bok San
Non-Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

Kevin How Kow
Independent Non-Executive Director

Dato' Ahmad Redza bin Abdullah
Independent Non-Executive Director

Erman bin Radin
Independent Non-Executive Director

Kon Ted Liuk
Alternate Director to Dato' Seri H'ng Bok San

SECRETARIES

Teoh Wen Jinq [MIA 25770]
Voon Jan Moi [MAICSA 7021367]

AUDITORS

Ernst & Young

SOLICITORS

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

PRINCIPAL BANKERS

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

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
(Company No. 378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A / 46
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel No : 603-7841 8000
Fax No : 603-7841 8008
www.symphony.com.my

REGISTERED OFFICE

Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak
Tel No : 6082-433 111
Fax No : 6082-433 311
www.sarawakcable.com

CORPORATE OFFICE

Level 8, House No. 51,
Lot 435, Section 54, KTLD,
Travillion Commercial Centre,
Jalan Padungan,
93100 Kuching, Sarawak.
Tel No : 6082-236 000
Fax No : 6082-237 999
www.sarawakcable.com

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 48 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Chairman on 9 September 2009.

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

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

He is also a director of several other private companies.

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

During the financial year ended 31 December 2011, Dato Sri Mahmud Abu Bekir Taib has attended all the six (6) Board meetings held.

PROFILE OF DIRECTORS

Datuk Fong Joo Chung

Datuk Fong Joo Chung, Malaysian, aged 62 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Deputy Chairman on 9 September 2009. He is also the Chairman for both the Remuneration Committee and Nomination Committee.

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

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

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

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

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

During the financial year ended 31 December 2011, Datuk Fong Joo Chung has attended all the six (6) Board meetings held.

Toh Chee Ching

Toh Chee Ching, Malaysian, aged 50 was appointed to the Board of Sarawak Cable Berhad as Chief Executive Officer on 1 October 2008 and Group Managing Director on 9 September 2009.

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

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

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

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

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

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

During the financial year ended 31 December 2011, Toh Chee Ching has attended all the six (6) Board meetings held.

PROFILE OF DIRECTORS

Dato' Seri H'ng Bok San

Dato' Seri H'ng Bok San, Malaysian, aged 72 was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Director on 9 September 2009. He is a member of the Remuneration Committee.

[illegible]ied courses in Business Administration and Accounting [illegible]ore. He began his career as a marketing representative [illegible]rnational [illegible]pany in Penang, Malaysia before [illegible]aiwanese [illegible] company in Singapore [illegible] was in charge of the Singap[illegible] Malaysian [illegible]

[illegible] years later, he returned to Malaysia to help in the setting [illegible]ral Cables Wire and Metal Manufacturing Berhad and [illegible]ently promoted to the position of Deputy General [illegible] held this position for five (5) years.

[illegible] 1976, he founded Leader Cable Industry Berhad ("LCIB") and implemented a restructuring and merger exercise between LCIB and Universal Cable (M) Berhad and established Leader Universal Holdings Berhad as the holding company listed on Bursa Malaysia Securities Berhad then known as The Kuala Lumpur Stock Exchange.

He is currently the Group Executive Deputy Chairman of Leader Universal Holdings Berhad, a substantial shareholder of the Company. To date, he has over forty years of experience in the manufacturing and marketing of power and telecommunication cables.

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

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

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

During the financial year ended 31 December 2011, Dato' Seri H'ng Bok San has attended all the six (6) Board meetings held.

Yek Siew Liong

Yek Siew Liong, Malaysian, aged 52 [illegible] appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Director on 9 September 2009. He is [illegible] member of the Remuneration Committee.

He first obtained a Bachelor of Art (Honou[illegible] Architecture and Environmental Design from [illegible] of Nottingham, United Kingdom in 1983. He subsequently obtained a Bachelor of Architecture (Honours) degree [illegible] University of Nottingham, England in 1986. He also obtained a Master of Business Administration degree from [illegible]versity of [illegible] Birmingham, United Kingdo[illegible] currently a membe[illegible] [illegible]ecretaries and Adm[illegible]tors a[illegible] of Approved C[illegible] Secretaries[illegible]

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

He has over twenty three (23) years of experience in timber trading, logging, tug boat and barge operations, timber and glue manufacturing, hospitality industry, property development and management, oil palm plantation and petrol stati[illegible]erations.

He is currently the Non-Independent Non-[illegible] Director of Latitude Tree Holdings Berhad, and a[illegible] Hock Lee Asia Berhad, Hock Lee Resources Berhad [illegible]m Bhd and 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 10 years.

During the financial year ended 31 December 2011, Yek Siew Liong has attended all the six (6) Board meetings held.

PROFILE OF DIRECTORS

Kevin How Kow

Kevin How Kow, Malaysian, aged 63 was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is also the Chairman of the Audit Committee and member of the Nomination Committee.

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

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

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

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

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

During the financial year ended 31 December 2011, Kevin How Kow has attended all the six (6) Board meetings held.

Dato' Ahmad Redza bin Abdullah

Dato' Ahmad Redza bin Abdullah, Malaysian, aged 48 was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is a member of the Audit Committee and Nomination Committee.

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

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

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

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

During the financial year ended 31 December 2011, Dato' Ahmad Redza bin Abdullah has attended all the six (6) Board meetings held.

PROFILE OF DIRECTORS

Erman bin Radin

Erman bin Radin, Malaysian, aged 34 was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 15 October 2009. He is a member of the Audit Committee.

He first graduated from the Japan Technical Research Preparation [illegible] Universiti Teknologi Malaysia, Kuala Lumpur in 1997. [illegible] obtained an Associate Degree majoring in [illegible] Computer Science from the Takuma National [illegible] March 2000.

He be[illegible] professional career as an [illegible] (Sara[illegible]n Bhd in 2000 and subsequently joi[illegible] Corp[illegible] Sdn Bhd, Brunei Darussalam as an Information Tech[illegible] and Data Manager in 2008. He is primarily responsible [illegible] development and implementation of all information [illegible] covering hardware, software and services.

He [illegible] sits on the board of a private limited [illegible]

[illegible] leader to is and m[illegible] company [illegible] conflict of interest [illegible] company. He has had no convictions for [illegible] offences w[illegible] past 10 years.

Du[illegible] e financial year ended 31 December 2011, Erman bin Ra[illegible] attended all the six (6) Board meetings held.

Kon Ted Liuk

Kon Ted Liuk, Malaysian, aged 57 was appointed to the Board of Sarawak Cable Berhad as alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba on 15 October 2009.

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

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

[illegible] Deputy Managing Director of Leader Universal [illegible]ngs Berhad ("Leader Univers[illegible]") [illegible]stantial shareholder of [illegible]ompany. He has been with th[illegible] group of [illegible]anies for the past twenty seven [illegible] years [illegible]sive [illegible]ence and knowledge of the ca[illegible] wires industry.

[illegible] on the board of several private and public limited [illegible]

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

During the financial year ended 31 December 2011, Kon Ted Liuk has attended all the six (6) Board meetings held.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

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

The Directors consider that in preparing the financial statements for the year ended 31 December 2011 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 21 April 2012.

ACHIEVEMENTS AND MILESTONES

Major achievements and milestones of Sarawak Cable:

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

GIVING BACK TO THE COMMUNITY

A REPORT ON SARAWAK CABLE'S CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

WITH LOVE, WE CARE

Driven by the theme "With Love, We Care", the Corporate Social Responsibility of Sarawak Cable aims at making the Group a sustainable corporate citizen while building social capital throughout the nation. Cumulatively, the Group donated approximately RM50,000 to various organizations, on top of non-monetary contributions such as blood donation, community work and participation in environmental awareness program during the year under review.

RURAL OUTREACH

The targeted area for the Group's CSR activities was never skewed to focus only at places where it conducts business. During the year 2011, we have responded compassionately to donation plea for supply of cables for the construction of micro-hydro projects at three longhouses- Nanga Sepaya, Rantau Kemayau Manis and Nanga Bilararap at Lubok Antu, Sri Aman. By the end of the year 2011, it was heartwarming knowing that our contribution was partly responsible for bringing lights to over 400 longhouse dwellers.

ENVIRONMENTAL AWARENESS

We take pride in having a conscious effort to minimize our use of water, electricity and office consumables. We participated in Nestle's World Walking Day as proof of our support to reduce CO2 emission and non-renewable energy consumption. We encourage electronic communication, while caution against printing of documents and letters unnecessarily.

We are constantly on the lookout for the most energy-efficient tools and machineries, with little tolerance for waste and pollution from our operating activities. We recycled, not only to save costs, but also to give Mother Nature a second chance.

BRINGING JOY TO OTHERS

We have special interest at heart for the underprivileged and the less-fortunate. We brought joy to the Sarawak Cheshire Home, Sarawak Children's Cancer Society, Sarawak Heart Foundation, Sarawak Kidney Foundation and Kuching Salvation Army's Children Home through various activities such as donation and participation in fund-raising and charity sales. We raised funds and donated cash and gifts to signify our sincere desire to provide some relief to the needy and those suffering physically and mentally from illnesses and ailments.

NOT JUST HUMAN BEINGS

In year 2011, the caring culture of the Group added another organization into its CSR activities. The Sarawak Society for the Prevention of Cruelty to Animals (SSPCA) is a non-profit organization providing temporary shelter and care for the abandoned animals. Our CSR team had a fruitful day raising fund through setting up of food stall during SSPCA's Christmas Charity Bazaar in December 2011. Our efforts, small as it may seems, was an eye-opening experience for our employees and the society at large aspiring to do more towards caring and providing for those abandoned and unwanted animals.

SARAWAK CABLE AS A RESPONSIBLE EMPLOYER

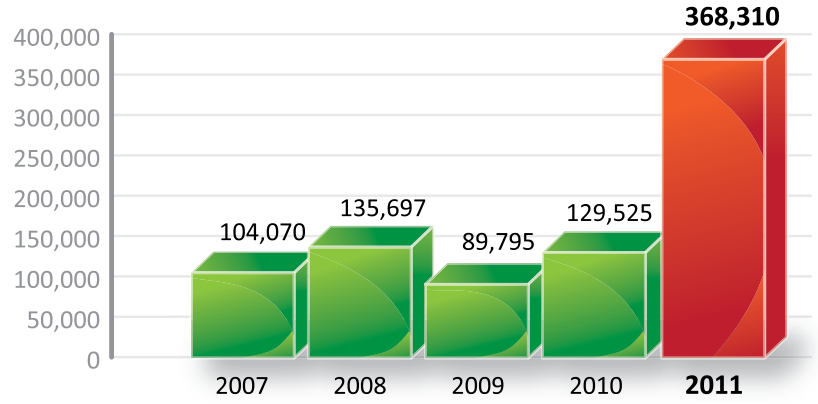
Jointly, the Group is currently providing direct employment to approximately 300 employees. On top of attractive monetary rewards, our extremely low staff turnover speaks volumes about employees' welfare and benefits. We valued human capital, and we see great potential in everyone and will bear all costs to unearth talents and gifts. We reward high achievers, and at the same time provide training, mentoring and guidance to the rest to enable them to grow alongside with us.

OUR COMMITMENT

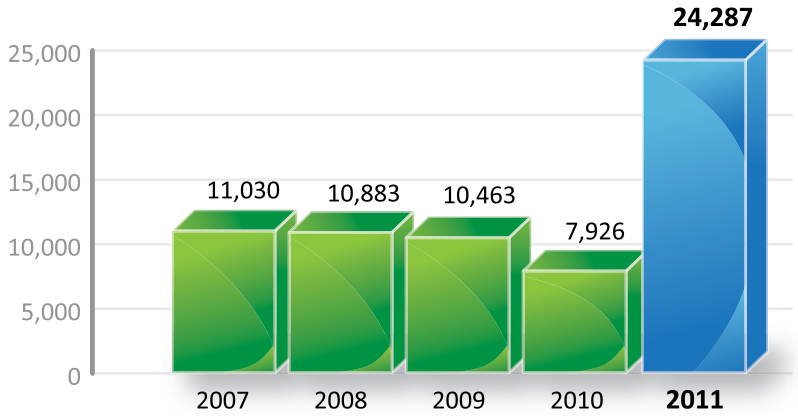
We will continue to pledge our long-term commitment to contribute and to bring development and improved livelihood to our stakeholders and community at large. We have it in our plan to consider the idea of providing employment opportunities to the members of the recommended list of CSR Societies such as Sarawak Society for the Blind and Sarawak Cheshire Home. We will continue to observe and do our part in supporting the worldwide "Go Green Campaign". Finally, we will continue to uphold the "giving back to society" value imbedded deep in our CSR culture.

FINANCIAL REVIEW

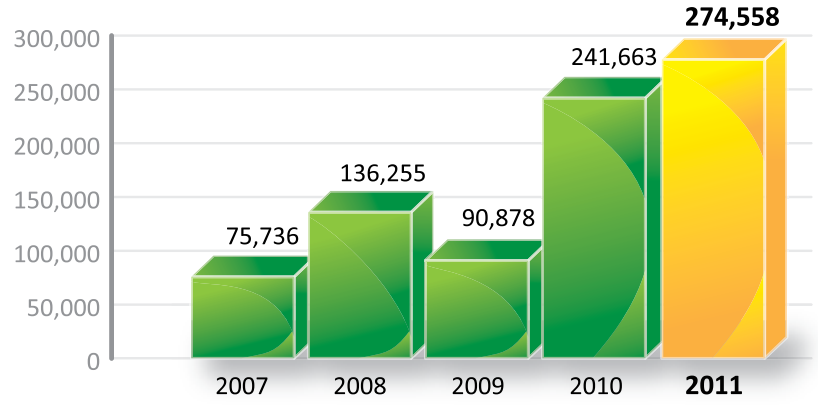
Revenue
(RM'000)



Profit Before Taxation
(RM'000)



Total Assets Employed
(RM'000)



AUDIT COMMITTEE REPORT

Composition

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

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

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

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

Terms of Reference of the Committee

Constitution

The Board 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;
  (iii) fulfils 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 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 interests situation that may arise within the Group and the Company including any transaction, procedure or course of conduct that raises questions of the management's 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 by the Board 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 any one (1) of the joint company secretaries.
- Minutes of meetings shall be kept and distributed to each member of the Committee and the Board. The Chairman of the Committee shall report on each meeting to the Board.

Meetings in year 2011

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

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

The Committee held six (6) meetings with the external auditors on 21 February 2011, 21 April 2011, 27 May 2011, 5 August 2011, 22 August 2011 and 21 November 2011 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 during the financial year ended 31 December 2011

- Reviewed and approved the audit plans with the internal and external auditors.
- Reviewed the assistance given by the Group's and Company's officers to the external auditors.
- Reviewed accounting and audit issues, findings and other matters arising from the external audit and ensure that appropriate actions are taken.
- Reviewed the independence and objectivity of the external auditors and the services provided.
- Reviewed the adequacy of the internal audit plans, scope of examination and internal audit reports and ensure that appropriate action is taken by management in respect of the audit findings and the Committee's recommendation.
- Reviewed and deliberated the unaudited quarterly results and audited financial statements for the year ended 31 December 2011 of the Group and the Company focusing on the accounting policy and financial reporting standards as well as the Group's performance, prior to the submission to the Board for consideration and approval.
- Reviewed related party transactions and procedures.

This Statement is made in accordance with a resolution of the Board of Directors dated 21 April 2012.

STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to maintaining a high standard of corporate governance as expressed in the Principles and Best Practices in Corporate Governance 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.

BOARD OF DIRECTORS

Board Balance and Independence

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

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

The 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 play a key role in corporate accountability.

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

Roles and responsibilities of the Board

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

Board meetings

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

There were six (6) Board meetings held in the financial year ended 31 December 2011 and details of the attendance of each Director are outlined as follows:

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

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

Supply of and Access to information

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

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

Re-election and re-appointment of Directors

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

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

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

Directors' Training

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

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

- The making of a global leader and taking socially responsible investment practices forward.
- Technical briefing on Directors' duties and responsibilities and Main Market Listing Requirements of Bursa Malaysia Securities Berhad,
- Corporate Governance, Audit Committee and Financial Reporting Standards (FRSs).
- National Income Tax 2011. vCorporate responsibility and innovation, the building blocks for economic sustainability
- Risk management and control; are the Boards aware what they are up against?

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

Board Committees

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

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

Audit Committee

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

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

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

The external auditors, Messrs. Ernst & Young attended all the meetings held during the financial year, where the Audit Committee had separate independant meetings with Messrs. Ernst & Young without the presence of management and other directors.

STATEMENT ON CORPORATE GOVERNANCE

Nomination Committee

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

The Nomination Committee evaluates the effectiveness of the Board as a whole, the Board Committees, including their size and composition, and contributions of each individual director and committee members. The Committee 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 as follows:

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

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

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

Remuneration Committee

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

During the year under review, one (1) meeting was held and attendance was as follows:

Non-Independent Non-Executive Directors	Attendance
Datuk Fong Joo Chung – Chairman	1/1
Dato' Seri H'ng Bok San – Member	1/1
Yek Siew Liong – Member	1/1

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

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

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION

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

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

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

Remuneration Procedures

The Remuneration Committee recommends to the Board, the remuneration package for 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 Sarawak Cable'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 2011 is as follows:

Aggregate Remuneration

	Executive Director		Non-Executive Directors		
	Sarawak Cable	Subsidiaries	Sarawak Cable	Subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Fees	135	43	920	169	1,267
Salaries, EPF and other emoluments	955	2	64	8	1,029
Benefits-in-kind	24	-	-	-	24
Total	1,114	45	984	177	2,320

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

SHAREHOLDERS

Shareholders and Investors' Relations

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

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

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

Annual General Meetings

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

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

ACCOUNTABILITY AND AUDIT

Financial reporting

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

Internal Control

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

Internal Audit Functions

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

The total cost incurred for the internal audit functions for the financial year ended 31 December 2011 was RM218,476.

Relationships with External Auditors

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 21 April 2012.

ADDITIONAL COMPLIANCE INFORMATION

Non-Audit fees

Non-audit fees of RM30,000 were paid to the external auditors for the financial year ended 31 December 2011 (2010: RM25,000).

Status of utilisation of proceeds from corporate proposals

As at 31 December 2011, the balance of unutilised proceeds from the public issue is RM672,000 which has been earmarked for purchase of machinery and equipment.

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

During the financial year under review, the recurrent related party transactions conducted pursuant to the shareholder ratrification and mandate are disclosed in the audited financial statements contained in this Annual Report.

Material contracts

As announced on 8 August 2011, Sarawak Cable entered into a Share Sale Agreement with Dato Sri Mahmud Abu Bekir Taib and Austin Corp. (Malaysia) Sdn. Bhd. to acquire 65% equity interest in Trenergy for a purchase consideration of RM 24.45 million to be satisfied via issuance of 11,533,020 new Sarawak Cable ordinary shares at an issue price of RM2.12 per share.

Dato Sri Mahmud Abu Bekir Taib is a major shareholder and the Non-Independant Non-Executive Chairman of Sarawak Cable.

On 7 February 2012, Sarawak Cable has by way of exchange of letters, agreed to an extension of six (6) months from 8 February 2012 to 7 August 2012 for fulfillment of conditions precedent in the Share Sale Agreement. All terms and conditions in the Share Sale Agreement remain unchanged and continue to be in full force and effect.

Realised and unrealised profit

The breakdown of the realised and unrealised profit as at 31 December 2011 are disclosed in the Note 41 to the Audited Financial Statements for the year ended 31 December 2011, as outlined on page 85 of the annual report.

STATEMENT ON INTERNAL CONTROL

Introduction

The following statement is prepared to comply with both:

(i) Main Market Listing Requirements of Bursa Malaysia Securities Berhad that demands a public listed company to ensure that its Board include in its annual report "a statement about the state of internal control of the listed issuer as a Group"; and

(ii) Revised Malaysian Code on Corporate Governance (2007) requiring a listed company to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

Board's Accountability

The Board pledges its full commitment in ensuring that the internal control system is sound, the risk management system is effective in safeguarding both the Group's assets and shareholders' investment, and the corporate governance's guidelines and practices have been adhered to. Hence, the Board will continuously review the adequacy and effectiveness of the internal control system in business operation, finance and resource management, compliance with relevant laws and regulations, production planning and project management. The presence of inherent limitation in the internal control framework which was designed to manage, rather than eliminate risks completely means that only reasonable, rather than absolute assurance is given with respect to assurance against material misstatement, loss, or fraud.

Internal Control Structure

Among all of the functions, the Risk Management and the Internal Audit are the two most fundamental components of the Group's internal control framework. Both functions are managed by qualified personnel who are adequately empowered to carry out their intended responsibilities and duties towards enhancing control environment and promoting good corporate governance practices.

Internal Audit Function

The Internal Audit Department reports directly to the Audit Committee. The function is established with the main objective of undertaking regular reviews of the Group's operation and business activities, appraisal of the effectiveness of the systems of internal controls within the Group and to highlight to the Board and the management any major non-compliance and fraudulent activities. The approved Internal Audit Charter defines the role, responsibility and the authority of members of the Internal Audit Department. The Audit Committee approves the annual Internal Audit Plan to be carried out by members of the Internal Audit Department. The Internal Audit Manager presents, on quarterly basis the results of the reviews to the Audit Committee members for their deliberation and to decide on the appropriate actions to mitigate, rectify or resolve the issues highlighted. In addition to the Internal Audit Plan, upon request by the Group Managing Director or other senior officers, the Internal Audit Department performs investigative works, provides consultancy services and carries out verification tasks on issues affecting the Group's business and operation. Members of the internal audit function exercise due care and professionalism in performing their duties, are objective and impartial in their opinion and constantly on the lookout for value-adding activities to be undertaken by employees and employer alike.

Risk Management

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

The Committee has taken a major step towards strengthening its role by holding its first meeting on 18 October 2011 to:

- review the proposed Risk Profile for the Group and deciding on the Risk Mitigation Measures/ Risk Control Activities for the selected risks deemed significant and require close monitoring by the risk owners; and
- decide on the mode of monitoring of significant risks and the type of frequency of report to be made available to the RMC.

The Group's Risk Monitoring Module, loosely modeled after the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management's Framework, will be further refined to enhance ease of implementation, degree of acceptance among risk owners and management and the monitoring effectiveness.

STATEMENT ON INTERNAL CONTROL

Operational Structure and Other Control Elements

The Group has established a formal delegation of authority, reporting hierarchy and clearly defined roles and responsibility of the management team and other members of the organization. Suitably qualified and competent officers are strategically placed to manage key functions within the Group such as Sales and Marketing, Finance, Production, Procurement, Compliance and Investor Relations. Each function is appropriately staffed and adequately empowered to enable it to perform to its full capacity in achieving profit maximization and business sustainability.

- **Human Resource**

  Manpower Planning and Training Programme continued to be areas of focus by the Human Resource Department. There is constant analysis on human resource requirement in term of sufficiency, quality and succession planning. Potential employees are subjected to strict recruitment process, probation, appraisal and career path determination.

  Training requirements are identified and planned annually and also when the need arises. Trainings are provided based on both individual needs and departmental requirement.

- **Finance**

  The Finance and Accounts Department adheres closely to the monthly closing and reporting period, timely transaction recording and processing, regular variance analysis, full compliance to acceptable financial reporting standards, and ensuring proper cash flow planning for working capital and capital expenditures requirement.

- **Marketing, Procurement and Production**

  The Material Production Planning Meeting is held at every month end to determine raw material requirement based on the input from the Sales & Marketing Department, Inventory & Logistic Department, Production Department and Procurement Department. This concerted effort ensures that raw materials are procured timely at the best possible price to enable the Production Department to manufacture and deliver good quality products. Cost, time, quantity and quality are carefully factored into every decision potentially affecting the Group's bottom line.

- **Budgeting and Strategic Planning**

  Annual budgeting and strategic planning activities are undertaken by the Group with the intention to ensure sufficient allocation of resources to all business units and subsidiaries and sustaining the Group's business activities. Heads of every unit compile inputs and feedbacks from their members, deliberate their plans at Group level and subsequently implement, revise and monitor the approved budget and plans. Regular review and variance analysis afford the necessary health check and at the same time giving indication on areas for improvement.

- **Health and Safety Environment**

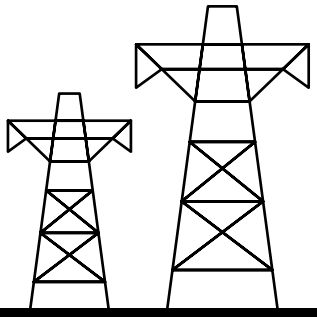
  There is conscious effort by the management to provide a safe and healthy environment to all employees and people affected by its operation. It includes protection against accidents and unnecessary exposure to danger, creating awareness on hazard and health issues and good compliance to Occupational Safety and Health Act 1994 and other regulatory bodies' requirements.

Conclusion

Given that there is no significant financial loss and major non-compliance or fraudulent activities reported or uncovered during the year under review, the Board is of the opinion that the internal control system within the Group is both adequate and effective. Despite the assurance, the Board will continuously and cautiously monitor and improve all elements of control and exercise prudence over all its business and operational undertakings at all times.

This Statement is made in accordance with a resolution of the Board of Directors dated 21 April 2012.

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 2011.

Principal activity

The principal activities of the Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. The principal activities of the subsidiaries are described in Note 17 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	19,355	13,031
Profit attributable to:		
Owners of the parent	15,565	13,031
Non-controlling interests	3,790	-
	19,355	13,031

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

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.

Dividends

The amount of dividend paid by the Company since 31 December 2010 was as follows:

In respect of the financial year ended 31 December 2010[i]:

	RM'000
First and final single tier dividend of 3.0 sen per ordinary share on 135,000,000 ordinary shares declared on 21 April 2011 and paid on 28 July 2011	4,050

i In addition to the first and final dividend as stated above, an interim single tier dividend of 2.5 sen per ordinary share on 135,000,000 ordinary shares was declared on 21 November 2011 and paid on 5 January 2012.

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2011 of 2.5 sen per ordinary share on 135,000,000 ordinary shares, amounting to a dividend payable of RM3,375,000 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 2012.

DIRECTORS' REPORT

Directors

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

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

Directors' benefits

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

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

Directors' interests

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

	← Number of ordinary shares of RM0.50 each →			
Name of director	**1.1.2011**	**Acquired**	**Sold**	**31.12.2011**
Direct Interest:				
Ordinary shares of company				
Dato Sri Mahmud Abu Bekir Taib	26,125,000	-	-	26,125,000
Datuk Fong Joo Chung	615,000	-	(20,000)	595,000
Dato' Seri H'ng Bok San	125,000	-	-	125,000
Yek Siew Liong	725,000	-	-	725,000
Toh Chee Ching	3,425,000	-	-	3,425,000
Dato' Ahmad Redza bin Abdullah	125,000	-	(125,000)	-
Erman bin Radin	125,000	1,800	-	126,800
Deemed Interest:				
Ordinary shares of company				
Dato Sri Mahmud Abu Bekir Taib	16,890,000	-	-	16,890,000[1]
Dato' Seri H'ng Bok San	20,864,998	-	-	20,864,998[2]
Yek Siew Liong	16,890,000	-	-	16,890,000[1]
Toh Chee Ching	300,000	430,000	-	730,000[3]

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

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

DIRECTORS' REPORT

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts 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) it necessary to write off any bad debts or the amount of the allowance 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.

Event occurring after the reporting date

Details of event occurring after the reporting date are disclosed in Note 39 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 21 April 2012.

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 40 to 84 are drawn up in accordance with Financial Reporting Standards and 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 2011 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 41 to the financial statements have been presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2012.

Datuk Fong Joo Chung **Toh Chee Ching**

STATUTORY DECLARATION

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

I, **Teoh Wen Jinq**, being the person primarily responsible for the financial management of **Sarawak Cable Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 84 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Teoh Wen Jinq**
at Kuching in the State of Sarawak
on 21 April 2012

Teoh Wen Jinq

Before me,
Lee Khun Hui
Commissioner For Oaths
No. Q094

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CABLE BERHAD (INCORPORATED IN MALAYSIA)

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 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 84.

Directors' responsibility for the f *nancial statements*

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 2011 and of their financial performance and cash flows for the year then ended.

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 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.

(c) 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 (INCORPORATED IN MALAYSIA)

Other matters

The supplementary information set out in Note 41 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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

YONG VOON KAR
1769/04/14 (J/PH)
Chartered Accountant

Kuching, Malaysia
Date: 21 April 2012

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	4	368,310	129,525	17,100	6,000
Cost of sales		(332,542)	(116,225)	-	-
Gross profit		35,768	13,300	17,100	6,000
Other items of income					
Interest income	5	105	183	72	82
Other income	6	1,536	2,561	-	-
Other items of expense					
Marketing and distribution		(3,500)	(2,630)	-	-
Administrative expenses		(8,391)	(4,431)	(3,786)	(1,703)
Finance costs	7	(671)	(273)	(265)	(51)
Other expenses		(560)	(784)	(3)	(1)
Profit before tax	8	24,287	7,926	13,118	4,327
Income tax expense	11	(4,932)	(1,612)	(87)	-
Profit net of tax, representing total comprehensive income for the year		19,355	6,314	13,031	4,327
Profits attributable to:					
Owners of the parent		15,565	5,506	13,031	4,327
Non-controlling interests		3,790	808	-	-
		19,355	6,314	13,031	4,327
Total comprehensive income attributable to:					
Owners of the parent		15,565	5,506	13,031	4,327
Non-controlling interests		3,790	808	-	-
		19,355	6,314	13,031	4,327

		Group 2011	Group 2010
Earnings per share attributable to owners of the parent (sen per share):			
Basic	12(a)	11.53	4.78
Diluted	12(b)	11.53	4.78

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	56,520	55,200	90	31
Land use rights	15	7,867	9,008	-	-
Investment in subsidiaries	17	-	-	82,130	82,130
		64,387	64,208	82,220	82,161
Current assets					
Inventories	18	32,333	30,960	-	-
Trade and other receivables	20	135,074	129,228	36	149
Other current assets	22	30,715	6,569	7,529	-
Tax recoverable		64	-	64	-
Amount due from subsidiaries	21	-	-	1,646	50
Cash and bank balances	23	9,488	10,698	7,646	6,840
		207,674	177,455	16,921	7,039
Assets classified as held for sale	16	2,497	-	-	-
		210,171	177,455	16,921	7,039
TOTAL ASSETS		274,558	241,663	99,141	89,200
EQUITY AND LIABILITIES					
Current liabilities					
Borrowings	27	37,683	6,503	4,000	-
Trade and other payables	29	95,472	100,467	1,622	1,352
Other current liabilities	30	1,615	9,788	-	-
Amount due to a subsidiary	31	-	-	4,793	8,103
Tax payable		990	1,195	-	-
		135,760	117,953	10,415	9,455
Net current assets/(liabilities)		74,411	59,502	6,506	(2,416)
Non-current liabilities					
Deferred tax liabilities	28	5,964	5,892	-	-
TOTAL LIABILITIES		141,724	123,845	10,415	9,455
Net assets		132,834	117,818	88,726	79,745

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (contd.)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Equity attributable to owners of the parent					
Share capital	24	67,500	67,500	67,500	67,500
Reverse acquisition reserve		(37,300)	(37,300)	-	-
Share premium	24	10,590	10,590	10,590	10,590
Revaluation reserve	25	452	452	-	-
Revenue reserves	26	78,583	65,410	10,636	1,655
		119,825	106,652	88,726	79,745
Non-controlling interests		13,009	11,166	-	-
TOTAL EQUITY		132,834	117,818	88,726	79,745
TOTAL EQUITY AND LIABILITIES		274,558	241,663	99,141	89,200

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Equity, total	Equity attributable to owners of the parent, total	Share capital (Note 24)	Reverse acquisition reserve	Share premium (Note 24)	Revaluation reserve (Note 25)	Revenue reserves	Non-controlling interests
			← Attributable to owners of the parent →			← Non-distributable →		← Distributable →	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011									
Group									
Opening balance at 1 January 2011		117,818	106,652	67,500	(37,300)	10,590	452	65,410	11,166
Total comprehensive income		19,355	15,565	-	-	-	-	15,565	3,790
Transactions with owners:									
Acquisition of subsidiary company:									
Adjustment on provisional amount	17	2,211	1,658	-	-	-	-	1,658	553
Dividends on ordinary shares	13	(6,550)	(4,050)	-	-	-	-	(4,050)	(2,500)
Closing balance at 31 December 2011		132,834	119,825	67,500	(37,300)	10,590	452	78,583	13,009
2010									
Group									
Opening balance at 1 January 2010		79,695	79,455	53,500	(37,300)	24	452	62,779	240
Effects of adopting FRS 139		(200)	(200)	-	-	-	-	(200)	-
		79,495	79,255	53,500	(37,300)	24	452	62,579	240
Total comprehensive income		6,314	5,506	-	-	-	-	5,506	808
Transactions with owners:									
Shares issued for cash	24	15,100	15,100	9,000	-	6,100	-	-	-
Share issuance expense	24	(2,534)	(2,534)	-	-	(2,534)	-	-	-
Acquisition of subsidiary company:									
Shares issued for acquisition	24	12,000	12,000	5,000	-	7,000	-	-	-
Non-controlling interests		10,118	-	-	-	-	-	-	10,118
Dividends on ordinary shares	13	(2,675)	(2,675)	-	-	-	-	(2,675)	-
Closing balance at 31 December 2010		117,818	106,652	67,500	(37,300)	10,590	452	65,410	11,166

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 2011

	Note	Equity, total	Non-Distributable: Share capital (Note 24)	Non-Distributable: Share premium (Note 24)	Distributable: Revenue reserves
		RM'000	RM'000	RM'000	RM'000
2011					
Company					
Opening balance at 1 January 2011		79,745	67,500	10,590	1,655
Total comprehensive income		13,031	-	-	13,031
Transaction with owners:					
Dividends on ordinary shares	13	(4,050)	-	-	(4,050)
Closing balance at 31 December 2011		88,726	67,500	10,590	10,636
2010					
Company					
Opening balance at 1 January 2010		53,527	53,500	24	3
Total comprehensive income		4,327	-	-	4,327
Transaction with owners:					
Shares issued for cash	24	15,100	9,000	6,100	-
Share issuance expense	24	(2,534)	-	(2,534)	-
Acquisition of subsidiary company:					
Shares issued for acquisition	24	12,000	5,000	7,000	-
Dividends on ordinary shares	13	(2,675)	-	-	(2,675)
Closing balance at 31 December 2010		79,745	67,500	10,590	1,655

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 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities					
Profit before tax		24,287	7,926	13,118	4,327
Adjustments for:					
Allowance for impairment loss of trade receivables	8	413	464	-	-
Amortisation of land use rights	8	237	90	-	-
Amortisation of trade payables	6	(221)	(161)	-	-
Depreciation of property, plant and equipment	8	5,057	2,473	9	5
Dividend income	4	-	-	(13,500)	(6,000)
Expenses capitalised in prior year expense off		-	10	-	-
Bad debts written off	8	34	-	-	-
Interest income	5	(105)	(183)	(72)	(82)
Interest expense	7	671	24	265	51
Inventories written off	8	1,043	438	-	-
Loss on disposal of property, plant and equipment	8	5	31	3	1
Negative goodwill on acquisition	6	-	(778)	-	-
Property, plant and equipment written off	8	22	-	-	-
Reversal of allowance for impairment loss of trade receivables	6	(146)	(651)	-	-
Reversal of allowance for inventories obsolescence	6	-	(187)	-	-
Unrealised loss on foreign exchange	8	4	3	-	-
Unwinding of discounts	7	-	249	-	-
Operating cash flows before working capital changes		31,301	9,748	(177)	(1,698)
Changes in working capital:					
(Increase)/decrease in inventories		(2,416)	3,832	-	-
(Increase)/decrease in trade and other receivables		(6,147)	(48,832)	113	(140)
(Increase)/decrease in other current assets		(24,146)	(4,216)	(7,529)	805
(Decrease)/increase in trade and other payables		(2,568)	43,273	270	1,266
(Decrease)/increase in other current liabilities		(8,172)	6,689	-	-
Increase in amount due to/from subsidiaries		-	-	(4,907)	7,008
Total changes in working capital		(43,449)	746	(12,053)	8,939

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (contd.)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities (contd.)					
Cash flows (used in)/from operations		(12,148)	10,494	(12,230)	7,241
Interest paid		(671)	(24)	(265)	(51)
Income taxes paid		(5,129)	(1,162)	(150)	-
Net cash flows (used in)/from operating activities		(17,948)	9,308	(12,645)	7,190
Investing activities					
Investment in subsidiary		-	(17,098)	-	(17,575)
Purchase of property, plant and equipment	14	(7,998)	(1,267)	(72)	(16)
Proceeds from disposal of property, plant and equipment		1	58	1	4
Interest received		105	183	72	82
Dividend received		-	-	13,500	6,000
Net cash (used in)/from investing activities		(7,892)	(18,124)	13,501	(11,505)
Financing activities					
Dividend paid on ordinary shares	13	(4,050)	(2,675)	(4,050)	(2,675)
Dividends paid to non-controlling interests		(2,500)	-	-	-
Share issuance expense	24	-	(2,534)	-	(2,534)
Proceeds from issuance of ordinary shares	24	-	15,100	-	15,100
Net proceeds from borrowings		31,180	5,179	4,000	-
Net cash from/ (used in) financing activities		24,630	15,070	(50)	9,891
Net (decrease)/increase in cash and cash equivalents		(1,210)	6,254	806	5,576
Cash and cash equivalents at 1 January		10,698	4,444	6,840	1,264
Cash and cash equivalents at 31 December	23	9,488	10,698	7,646	6,840

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

1. Corporate information

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

The principal activities of the Company are that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services. The principal activities of the subsidiaries are described in Note 17 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

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 of 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 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

- Amendments to FRS 132 *Classif cation of Rights Issues*
- FRS 1 *First-time Adoption of Financial Reporting Standards*
- FRS 3 *Business Combinations (revised)*
- Amendments to FRS 2 *Share-based Payment*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 127 *Consolidated and Separate Financial Statements*
- Amendments to FRS 138 *Intangible Assets*
- Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 12 *Service Concession Arrangements*
- IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
- Amendments to FRSs *'Improvements to FRSs (2010)'*
- Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 1 *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
- Amendments to FRS 7 *Improving Disclosures about Financial Instruments*
- IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*
- IC Interpretation 18 *Transfers of Assets from Customers*
- Technical Release *i*-4 *Shariah Compliant Sale Contracts*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Adoption of the above FRS and IC interpretations did not have any effect on the financial performance or position of the Group and of the Company except for these discussed below:

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The adoption of the two revised standards affects the way in which the Group accounts for business combinations and the preparation of its consolidated financial statements. Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interests held prior to the date control is obtained is remeasured at fair value, with the resulting gains or losses recognised in the statement of comprehensive income. There is now an option on a case to case basis to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the net identifiable assets of the assets acquired.

Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interests in the acquiree and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

The revised FRS 127 requires that changes in ownership interest which do not result in a loss of control be accounted for as equity transactions, instead of in the statement of comprehensive income. Where changes in ownership interest results in loss of control, any remaining interest in the entity is remeasured at fair value and any resulting gains or losses is recognised in the statement of comprehensive income. Total comprehensive income will be proportionately allocated to non-controlling interests, even if it results in the non-controlling interests being in a deficit position.

The revised FRS 3 and FRS 127 apply prospectively to acquisitions occurring on or after 1 January 2011, and therefore had no financial impact on the financial statements of the Group as there were no new business combinations during the financial year.

2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have established a project team to plan and manage the adoption of the MFRS Framework.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company consider that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

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 to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with non-controlling interest

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.6 Foreign currency

(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 measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the transaction of monetary items, are included in profit or loss for the year.

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

2.7 Property, plant and equipment and depreciation

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 and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to revenue reserves on retirement or disposal of the asset.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.7 Property, plant and equipment and depreciation (contd.)

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.

2.8 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.9 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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.11 Financial assets

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

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

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

(a) Loans and receivables

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

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

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

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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.13 Cash and cash equivalents

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

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.16 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 FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(a) Other financial liabilities

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

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

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

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.

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.19 Leases

(a) As lessee

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

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

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

(b) As lessor

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

2.20 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.

2.21 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 2.14.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.22 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (contd.)

2.22 Income taxes (contd.)

(c) Sales tax

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

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

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

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

2.23 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

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

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

3. Significant accounting judgements and estimates

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

3.1 Key sources of estimation uncertainty

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

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial 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 20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3. Significant accounting judgements and estimates (contd.)

3.1 Key sources of estimation uncertainty (contd.)

(b) Construction contracts

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

4. Revenue

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Sale of cables and conductors	124,749	114,520	-	-
Manufacturing, fabrication, galvanising and sale of steel structure	55,704	2,098	-	-
Contract revenue	187,857	12,907	-	-
Dividend income from subsidiary	-	-	13,500	6,000
Management fee	-	-	3,600	-
	368,310	129,525	17,100	6,000

5. Interest income

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Short term deposits with licensed banks	105	183	72	82

6. Other income

	Group	
	2011	**2010**
	RM'000	RM'000
Gain on inventories	45	17
Insurance claim	142	226
Miscellaneous income	953	529
Reversal of allowance for impairment loss of trade receivables (Note 20)	146	651
Rental income	29	6
Negative goodwill on acquisition	-	778
Amortisation of trade payables	221	161
Realised gain on foreign exchange	-	6
Reversal of allowance for inventories obsolescence	-	187
	1,536	2,561

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7. Finance costs

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Revolving credits interest	5	-	-	-
Bankers' acceptances	666	24	28	-
Loans from subsidiary	-	-	237	51
Unwinding of discount	-	249	-	-
Total finance costs	671	273	265	51

8. Profit before tax

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audits	80	80	23	25
- (over)/under provision in previous year	(15)	11	(5)	5
- other services	30	25	30	25
Amortisation of land use rights (Note 15)	237	90	-	-
Allowance for impairment loss on financial assets:				
- trade receivables (Note 20)	413	464	-	-
Bad debts written off	34	-	-	-
Depreciation of property, plant and equipment (Note 14)	5,057	2,473	9	5
Loss on disposal of property, plant and equipment	5	31	3	1
Employee benefits expense (Note 9)	9,297	5,752	1,675	300
Inventories written off	1,043	438	-	-
Non-executive directors' remuneration (Note 10)	1,161	1,160	984	992
Property, plant and equipment written off	22	-	-	-
Rental expense	325	91	287	53
Unrealised loss on foreign exchange	4	3	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

9. Employee benefits expense

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	8,161	4,930	1,454	262
Contributions to defined contribution plan	1,029	561	217	37
Social security contributions	85	49	4	1
Other benefits	22	212	-	-
	9,297	5,752	1,675	300

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,134,560 (2010: RM710,265) and RM1,089,710 (2010: RM154,050) as further disclosed in Note 10.

10. Directors' remuneration

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	957	673	955	154
Fees	178	37	135	-
Total executive directors' remuneration (Note 9)	1,135	710	1,090	154
Non-executive:				
Fees	1,089	1,080	920	920
Other emoluments	72	80	64	72
Total non-executive directors' remuneration (Note 8)	1,161	1,160	984	992
Total directors' remuneration (Note 34(b))	2,296	1,870	2,074	1,146
Estimated money value of benefits-in-kind	24	17	-	-
Total directors' remuneration including benefits-in-kind	2,320	1,887	2,074	1,146

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	
	2011	**2010**
Executive director:		
RM700,001 - RM750,000	-	1
RM1,100,001 – RM 1,150,000	1	-
Non-Executive directors:		
Less than RM50,000	1	1
RM100,001 - RM150,000	4	5
RM150,001 – RM200,000	2	1
RM200,001 - RM250,000	1	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Based on results for the year	4,750	2,057	71	-
- Under/(over) provision in respect of previous years	110	(179)	16	-
	4,860	1,878	87	-
Deferred income tax (Note 28):				
- Origination and reversal of temporary differences	350	167	-	-
- Over provision in respect of previous years	(278)	(433)	-	-
	72	(266)	-	-
Income tax expense recognised in profit or loss	4,932	1,612	87	-

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Accounting profit before tax	24,287	7,926	13,118	4,327
Tax at Malaysian statutory tax rate 25% (2010: 25%)	6,072	1,981	3,280	1,082
Adjustments:				
Income not subject to tax	(875)	(225)	(3,375)	(1,500)
Non-deductible expenses	701	469	166	418
Utilisation of current year's reinvestment allowance	(798)	-	-	-
Over provision of deferred tax in respect of previous years	(278)	(434)	-	-
Under/(over) provision of income tax in respect of previous years	110	(179)	16	-
Income tax expense recognised in profit or loss	4,932	1,612	87	-

Income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

12. Earnings per share

(a) Basic

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

	Group	
	2011	**2010**
Profit net of tax attributable to owners of the parent (RM'000)	15,566	5,506
Weighted average number of ordinary shares in issue ('000)	135,000	115,312
Basic earnings per share (RM) (sen per ordinary share)	11.53	4.78

(b) Diluted

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

13. Dividends

	Group and Company	
	2011	**2010**
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final single tier dividend for 2011: 3.0 sen (2010: 2.5 sen) per share	4,050	-
- Final single tier dividend for 2010: 2.5 sen (2009: Nil) per share	-	2,675
	4,050	2,675

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2011 of 2.5 sen per ordinary share on 135,000,000 ordinary shares, amounting to a dividend payable of RM3,375,000 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 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

14. Property, plant and equipment

	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Cost or valuation								
At 1 January 2010	21,381	1,236	21,468	553	382	155	10	45,185
Additions	-	421	126	286	8	-	426	1,267
Disposals	(104)	-	(690)	(4)	-	-	-	(798)
Acquisition of subsidiary	15,735	252	5,761	96	6	-	-	21,850
Adjustment	-	-	-	-	-	-	(10)	(10)
At 31 December 2010	37,012	1,909	26,665	931	396	155	426	67,494
Representing:								
At cost	35,586	1,909	26,665	931	396	155	426	66,068
At valuation	1,426	-	-	-	-	-	-	1,426
	37,012	1,909	26,665	931	396	155	426	67,494
At 1 January 2011	37,012	1,909	26,665	931	396	155	426	67,494
Additions	1,016	970	3,867	323	84	7	1,731	7,998
Disposals	-	-	(3)	(48)	-	-	-	(51)
Written off	-	(264)	(391)	(39)	-	-	-	(694)
Transfer from capital work-in-progress	-	-	2,157	-	-	-	(2,157)	-
Reclassified as assets held for sale (Note 16)	(2,187)	-	-	-	-	(155)	-	(2,342)
At 31 December 2011	35,841	2,615	32,295	1,167	480	7	-	72,405
Representing:								
At cost	35,841	2,615	32,295	1,167	480	7	-	72,405
At valuation	-	-	-	-	-	-	-	-
	35,841	2,615	32,295	1,167	480	7	-	72,405

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

14. Property, plant and equipment (contd.)

	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group (contd.)								
Accumulated depreciation								
At 1 January 2010	1,330	545	8,233	286	123	13	-	10,530
Depreciation charge for the year (Note 8)	491	251	1,561	111	54	5	-	2,473
Disposals	(18)	-	(690)	(1)	-	-	-	(709)
At 31 December 2010	1,803	796	9,104	396	177	18	-	12,294
At 1 January 2011	1,803	796	9,104	396	177	18	-	12,294
Depreciation charge for the year (Note 8)	791	407	3,650	148	57	4	-	5,057
Disposals	-	-	(3)	(42)	-	-	-	(45)
Reclassified as assets held for sale (Note 16)	(727)	-	-	-	-	(22)	-	(749)
Written off	-	(264)	(369)	(39)	-	-	-	(672)
At 31 December 2011	1,867	939	12,382	463	234	-	-	15,885
Net carrying amount								
At cost	34,171	1,113	17,561	535	219	137	426	54,162
At valuation	1,038	-	-	-	-	-	-	1,038
At 31 December 2010	35,209	1,113	17,561	535	219	137	426	55,200
At cost	33,974	1,676	19,913	704	246	7	-	56,520
At valuation	-	-	-	-	-	-	-	-
At 31 December 2011	33,974	1,676	19,913	704	246	7	-	56,520

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

14. Property, plant and equipment (contd.)

	Office equipment RM'000
Company	
Cost	
At 1 January 2010	27
Additions	16
Disposals	(6)
At 31 December 2010	37
At 1 January 2011	37
Additions	72
Disposals	(6)
At 31 December 2011	103
Accumulated depreciation	
At 1 January 2010	2
Depreciation charge for the year (Note 8)	5
Disposals	(1)
At 31 December 2010	6
At 1 January 2011	6
Depreciation charge for the year (Note 8)	9
Disposals	(2)
At 31 December 2011	13
Net carrying amount	
At 31 December 2010	31
At 31 December 2011	90

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

15. Land use rights

	Group	
	2011	**2010**
	RM'000	RM'000
Cost		
At 1 January	9,798	3,533
Acquisition of subsidiary	-	6,265
Reclassified as assets held for sale (Note 16)	(1,566)	-
At 31 December	8,232	9,798
Accumulated amortisation		
At 1 January	790	700
Amortisation for the year (Note 8)	237	90
Reclassified as assets held for sale (Note 16)	(662)	-
At 31 December	365	790
Net carrying amount	7,867	9,008
Amount to be amortised:		
Not later than 1 year	137	192
Later than 1 year but not later than 5 years	548	766
Later than 5 years	7,182	8,050

Included in land use rights are leasehold land with a carrying amount of RM 2,404,680 (2010: RM2,470,810) which are mortgaged to secure the Group's borrowings (Note 27).

16. Asset classified as held for sale

The non-current assets classified as held for sale on the Group's statement of financial position as at 31 December are as follows:

	2011	**2010**
	RM'000	RM'000
Assets:		
Property, plant and equipment (Note 14)	1,593	-
Land use rights (Note 15)	904	-
	2,497	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

17. Investment in subsidiaries

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

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of subsidiary	**Principal activities**	**Proportion of ownership interest**	
		2011	**2010**
		%	%
Held by the Company:			
Universal Cable (Sarawak) Sdn. Bhd. *	Manufacture and sale of power cables and wires	100	100
Sarawak Power Solutions Sdn. Bhd. *	Dormant	51	51
Sarwaja Timur Sdn. Bhd. *	Manufacture, fabrication, galvanising and sale of steel structures	75	75
Held through Sarwaja Timur Sdn. Bhd.:			
Sarwaja Engineering & Construction Sdn. Bhd. *	Undertake engineering and construction projects	100	100

* Audited by Ernst & Young, Malaysia

Acquisition of subsidiary

In the current financial year, the Group has new information regarding provisional amounts which were recognised at the acquisition date of Sarwaja Timur Sdn. Bhd. ("Sarwaja"). The provisional amounts on rectification cost and legal claims at initial recognition were based on best estimate of information available at the date of acquisition of Sarwaja. The Group has adjusted the current year's reserves to reflect the new information on the provisional amounts in accordance with FRS 3 Business Combination (Revised).

Impact on adjustments

As the adjustments are made in the measurement period, a period not exceeding one year from the acquisition date, the Group has reduced trade and other payables by RM2.21 million, increased revenue reserves by RM1.66 million and increased non-controlling interests by RM0.55 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

18. Inventories

	Group	
	2011	**2010**
	RM'000	RM'000
Cost		
Trading products	39	16
Raw materials	12,195	13,229
Work-in-progress	7,686	6,696
Finished goods	12,413	11,005
Consumable stock	-	9
	32,333	30,955
Net realisable value		
Finished goods	-	5
	32,333	30,960

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

	Group	
	2011	**2010**
	RM'000	RM'000
Construction contract costs incurred to date	339,561	181,478
Attributable profits	26,021	17,796
	365,582	199,274
Less: Progress billings	(356,415)	(204,351)
	9,167	(5,077)
Presented as:		
Gross amount due from customers for contract (Note 22)	10,782	4,711
Gross amount due to customers for contract work (Note 30)	(1,615)	(9,788)
	9,167	(5,077)
Retention sums on construction contract included in trade receivables	26,719	40,012
The costs incurred to date on construction contracts include the following charges during the financial year:		
Interest expense	77	38
Rental expenses for building	-	35
Advance received on contract, included within trade payables (Note 29)	-	337

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

20. Trade and other receivables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	135,057	126,708	-	-
Less: Allowance for impairment	(1,847)	(1,583)	-	-
	133,210	125,125	-	-
Other receivables				
Refundable deposits	125	1,563	36	17
Other receivables	1,643	352	-	132
Down payments	96	2,188	-	-
	1,864	4,103	36	149
Total trade and other receivables	135,074	129,228	36	149

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2010: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2011	**2010**
	RM'000	RM'000
Neither past due nor impaired	29,304	51,055
1 to 30 days past due not impaired	34,396	22,967
31 to 60 days past due not impaired	15,206	5,486
61 to 90 days past due not impaired	10,045	7,913
91 to 120 days past due not impaired	3,504	11,179
More than 121 days past due not impaired	30,682	17,156
	93,833	64,701
Impaired	11,920	10,952
	135,057	126,708

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 47.1% (2010: 38.6%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

20. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM93,833,000 (2010: RM64,701,000) that are past due at the reporting date but not impaired and are unsecured in nature.

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	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables nominal amounts	1,182	1,274	10,738	9,678	11,920	10,952
Less: Allowance for impairment	(1,182)	(934)	(665)	(649)	(1,847)	(1,583)
	-	340	10,073	9,029	10,073	9,369

Movement in allowance accounts:

	Group	
	2011	**2010**
	RM'000	RM'000
At 1 January	1,583	498
Effect of adopting FRS 139	-	200
Charge for the year (Note 8)	413	464
Reversal of allowance for impairment loss (Note 6)	(146)	(651)
Written off	(3)	-
Acquisition of subsidiary	-	1,072
At 31 December	1,847	1,583

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

(b) Other receivables

Other receivables that are impaired

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

21. Amount due from subsidiaries

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

22. Other current assets

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	19,933	1,858	7,529	-
Gross amount due from customers for contract work (Note 19)	10,782	4,711	-	-
	30,715	6,569	7,529	-

23. Cash and cash equivalents

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	7,949	3,653	6,607	1,795
Deposit with:				
Licensed banks	1,539	7,045	1,039	5,045
Cash and bank balances	9,488	10,698	7,646	6,840

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 14 days and one month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2011 for the Group and the Company were 2.75% (2010: 2.60%) and 2.90% (2010: 2.90%) respectively.

24. Share capital and share premium

(a) Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2011	**2010**	**2011**	**2010**
	'000	'000	RM'000	RM'000
Company				
Authorised:				
At 1 January and 31 December	200,000	200,000	100,000	100,000

NOTES TO THE FINANCIAL STATEMENTS
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24. Share capital and share premium (contd.)

(a) Share capital (contd.)

	Number of ordinary shares of RM0.50 each		Amount	
	2011	**2010**	**2011**	**2010**
	'000	'000	RM'000	RM'000
Company (contd.)				
Issued and fully paid:				
At 1 January	135,000	107,000	67,500	53,500
Issued for listing of the Company	-	13,000	-	6,500
Issued for additional working capital	-	5,000	-	2,500
Issued for acquisition of subsidiary	-	10,000	-	5,000
At 31 December	135,000	135,000	67,500	67,500

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

(b) Share premium

	2011	**2010**
	RM'000	RM'000
At 1 January	10,590	24
Issue of 2,400,000 ordinary shares of RM0.50 each at an issue price of RM0.51 each	-	-
Issue of 13,000,000 ordinary shares of RM0.50 each at an issue price of RM0.70 each	-	2,600
Share issuance expense	-	(2,534)
Issue of 5,000,000 ordinary shares of RM0.50 each at an issue price of RM1.20 each	-	3,500
Issue of 10,000,000 ordinary shares of RM0.50 each at an issue price of RM1.20 each	-	7,000
At 31 December	10,590	10,590

25. Revaluation reserve

The revaluation reserve represents surplus arising from the revaluation of buildings.

26. Revenue reserves

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 December 2011 and 2010, the 108 balance of the Company is Nil. The Company may distribute dividends out of its entire revenue reserves under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

27. Borrowings

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Current				
Unsecured:				
Bankers' acceptances	12,978	4,890	-	-
Revolving credit	12,000	-	4,000	-
	24,978	4,890	4,000	-
Secured:				
Bankers' acceptances	10,705	1,613	-	-
Revolving credit	2,000	-	-	-
	12,705	1,613	-	-
Total borrowings	37,683	6,503	4,000	-

Unsecured banker acceptances (Hong Leong Bank Berhad and RHB Bank Berhad)

The bank acceptances have an average maturity of less than 12 months (2010: less than 12 months) and bear fixed interest at range of 3.26% - 4.25% (2010: 3.40% - 3.50%).

Unsecured revolving credit (AmBank (M) Berhad)

The revolving credit bears interest at 4.70% (2010: Nil%) per annum and is repayable on 28 March 2012.

Unsecured revolving credit (Hong Leong Islamic Bank Berhad)

The revolving credit bears interest at 4.40% (2010: Nil%) per annum and is repayable on 9 January 2012.

Secured banker acceptance (RHB Bank Berhad)

The bankers' acceptances bears effective interest at rates ranging from 3.70% to 4.05% (2010: 1.00% to 3.50%) per annum and are secured by first legal charge over a subsidiary's land and a debenture covering fixed and floating charge over present and future assets of the subsidiary.

Secured revolving credit (RHB Bank Berhad)

The revolving credit bears interest at 4.93% (2010: Nil%) per annum and is repayable on 15 March 2012. It is secured by first legal charge over a subsidiary's land and a debenture covering fixed and floating charge over present and future assets of the subsidiary.

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

	Group	
	2011	**2010**
	RM'000	RM'000
On demand or within one year	37,683	6,503

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

28. Deferred tax liabilities

	Group	
	2011	**2010**
	RM'000	RM'000
At 1 January	5,892	2,226
Recognised in profit or loss (Note 11)	72	(266)
Acquisition of subsidiary	-	3,932
At 31 December	5,964	5,892
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	5,964	5,892

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Property, plant and equipment	**Others**	**Total**
	RM'000	RM'000	RM'000
Group			
At 1 January 2011	6,633	40	6,673
Recognised in profit or loss	326	55	381
At 31 December 2011	6,959	95	7,054
At 1 January 2010	2,351	-	2,351
Recognised in profit or loss	350	40	390
Acquisition of subsidiary	3,932	-	3,932
At 31 December 2010	6,633	40	6,673

Deferred tax assets

	Allowance for Doubtful debts	**Provision**	**Unutilised reinvestment allowance**	**Others**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2011	(174)	(602)	-	(5)	(781)
Recognised in profit or loss	66	6	(305)	(76)	(309)
At 31 December 2011	(108)	(596)	(305)	(81)	(1,090)
At 1 January 2010	(125)	-	-	-	(125)
Recognised in profit or loss	(49)	(602)	-	(5)	(656)
At 31 December 2010	(174)	(602)	-	(5)	(781)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

29. Trade and other payables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	87,808	85,734	-	-
Other payables				
Accrued operating expenses	5,009	6,681	1,576	1,310
Other payables	2,224	2,177	46	42
Advance	431	165	-	-
Provision for contingencies	-	5,710	-	-
	7,664	14,733	1,622	1,352
Total trade and other payables	95,472	100,467	1,622	1,352

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 90 day (2010: 14 to 90 day) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2010: average term of 30 to 90 days).

30. Other current liabilities

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Gross amount due to customers for contract work (Note 19)	1,615	9,788	-	-

31. Amount due to a subsidiary

Included in amount due to a subsidiary are advances/loans from the subsidiary which bear interest between 3.00% to 4.15% (2010: 3.38% to 3.68%), having an average maturity of less than 12 months (2010: less than 12 months).

32. Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	153	593	-	-
Approved but not contracted for:				
Property, plant and equipment	9,993	8,757	-	-
	10,146	9,350	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Contingent liability

Guarantees as at the reporting date are as follows:

	Group/Company	
	2011	**2010**
	RM'000	RM'000
Guarantees for banking facilities granted to subsidiary companies	37,000	-
	======	======

As at 31 December 2011, the amount of banking facilities utilised, which were supported by the above guarantees, are RM10,000,000 (2010: RMNil).

34. 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	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Sale of cables, conductors and steel structures to:				
- Related companies	23,826	21,974	-	-
- Subsidiary	402	6,208	-	-
- A company related to a director	55,367	-	-	-
Transmission line contract revenue:				
- Related companies	161,378	7,654	-	-
Fabrication of oil tank and galvanise raw material from:				
- Subsidiary	55	-	-	-
Interest and rental income received from:				
- Holding company	475	-	-	-
- Subsidiary	22	-	-	-
Management fees to:				
- Holding company	3,600	-	-	-
Purchase of raw materials from:				
- Related companies	47,523	59,556	-	-
- Subsidiary	-	1,327	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

34. Related party transactions (contd.)

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Purchase of iron drums from:				
- Related companies	11	17	-	-
Project management fees to:				
- A company related to a director	141,437	-	-	-
Purchase of battery and tyre for vehicles and car rental:				
- A company related to a director	21	-	-	-
Rental expense paid to				
- A company related to a director	30	53	30	53
	=======	=======	======	======

Related companies:

These are subsidiaries and associates of major shareholders, namely, Sarawak Energy Berhad and Leader Universal Holdings Berhad, excluding entities within the Group.

Company related to a director

- The Group entered into a tenancy agreement for a period of four (4) months (2010: twelve (12) months) with Sarawak Capital Sdn. Bhd., a company of which one of the directors of the Company has interest. No balance was outstanding at the reporting date (2010: Nil).

- The Group entered into contract with Trenergy Infrastructure Sdn. Bhd. ("Trenergy"), a company of which one of the directors of the Company has interest, for provision of project management services to the Group. The balance outstanding at the reporting date is RM41,289,469 (2010: RM Nil).

  During the financial year, the Group sold cables, conductors and steel structures to Trenergy. The balance outstanding at the reporting date is RM24,931,084 (2010: RM Nil).

  The details of 2010 is Nil because the Director in question only acquired interest in Trenergy in 2011.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

34. Related party transactions (contd.)

(b) Compensation of key management personnel

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	4,136	3,454	2,388	1,274
Contributions to defined contribution plan	396	285	201	37
	4,532	3,739	2,589	1,311
Included in the total key management personnel:				
Directors' remuneration (Note 10)	2,296	1,870	2,074	1,146

35. Fair value of financial instruments

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

36. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

(a) Credit risk (contd.)

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.

Credit risk concentration profile

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

At the reporting date, approximately:

- 73.8% (2010: 81.7%) of the Group's trade receivables were due from 6 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 20. 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 20.

(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.

At the reporting date, approximately 100% (2010: 100%) of the Group's borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
At 31 December 2011				
Financial liabilities:				
Trade and other payables	89,293	6,179	-	95,472
Borrowings	37,683	-	-	37,683
Total undiscounted financial liabilities	126,976	6,179	-	133,155
At 31 December 2010				
Financial liabilities:				
Trade and other payables	100,467	-	-	100,467
Borrowings	6,503	-	-	6,503
Total undiscounted financial liabilities	106,970	-	-	106,970
Company				
At 31 December 2011				
Financial liabilities:				
Trade and other payables	1,622	-	-	1,622
Amount due to subsidiary	4,793	-	-	4,793
Borrowings	4,000	-	-	4,000
Total undiscounted financial liabilities	10,415	-	-	10,415
At 31 December 2010				
Financial liabilities:				
Trade and other payables	1,352	-	-	1,352
Amount due to subsidiary	8,103	-	-	8,103
Total undiscounted financial liabilities	9,455	-	-	9,455

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

36. 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.

There is no interest rate risk for the Group and the Company as the interest rates for bankers' acceptance borrowings and fixed deposits are fixed until the maturity of the financial instruments.

Sensitivity analysis for interest rate risk

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

(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 25.7% (2010: 8.2%) 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 entities, with all other variables held constant.

		Group Profit net of tax	
		2011	**2010**
		RM'000	RM'000
USD/RM	- strengthened 3% (2010: 3%)	15	20
	- weakened 3% (2010: 3%)	(15)	(20)
		===	===

37. 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 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

37. Capital Management (contd.)

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

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

		Group		Company	
		2011	**2010**	**2011**	**2010**
		RM'000	RM'000	RM'000	RM'000
Borrowings	27	37,683	6,503	4,000	-
Less: Cash and bank balances	23	(9,488)	(10,698)	(7,646)	(6,840)
Net debt		28,195	(4,195)	(3,646)	(6,840)
Equity attributable to the owners of the parent		119,825	106,652	88,726	79,745
Total capital		119,825	106,652	88,726	79,745
Capital and net debt		148,020	102,457	85,080	72,905
Gearing ratio		19.0%	N/A	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

38. Segmental information

	Sales of cables and conductors		Sales of galvanised products and transmission tower		Contract revenue		Corporate		Elimination entry		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	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	124,749	114,520	55,704	2,098	187,857	12,907	-	-	-	-	368,310	129,525
Inter-segments sales	406	1,327	55	-	-	-	-	-	(461)	(1,327)	-	-
Total revenue	125,155	115,847	55,759	2,098	187,857	12,907	-	-	(461)	(1,327)	368,310	129,525
Segment results	7,178	5,201	12,272	415	9,037	3,535	(3,529)	(1,730)	-	-	24,958	7,421
Negative goodwill on acquisition											-	778
Financial costs											(671)	(273)
Profit before tax											24,287	7,926

The Group's assets are used for all segments, therefore the assets are not segregated between different segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

39. Event occurring after the reporting date

On 23 September 2011, the Company entered into a Conditional Shares Sale and Purchase Agreement ("Initial CSPA") with an intention to acquire 65% equity interest in PT Inpola Mitra Elektrindo ("IME"), a limited liability company established under the laws of the Republic of Indonesia, for a total cash consideration of Rp15,000,000,000 (equivalent to approximately RM5.4 million).

Subsequently, on 30 January 2012, the Company entered into an Amended and Restated Conditional Sales and Purchase Agreement ("Agreement") to effect the acquisition of 65% equity interest in IME for a total consideration sum of Rp3,250,000,000 (equivalent to approximately RM1.1 million) ("Acquisition"). The Agreement is to amend and restate the Initial CSPA in its entirety effective from the date of the Initial CSPA.

Upon the completion of the Acquisition, the Company shall subscribe 162,500 new shares with a nominal value of Rp100,000 in IME at a total subscription price of Rp16,250,000,000 (equivalent to approximately RM5.5 million) ("Subscription").

The Acquisition and Subscription are expected to be completed by year 2012.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 21 April 2012.

SUPPLEMENTARY INFORMATION

- BREAKDOWN OF REVENUE RESERVES INTO REALISED AND UNREALISED PROFITS

41. 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 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 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	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Total revenue reserves of the Company and its subsidiaries				
- Realised	83,550	72,891	10,636	1,655
- Unrealised	(2,032)	(1,960)	-	-
	81,518	70,931	10,636	1,655
Less: Consolidation adjustments	(2,935)	(5,521)	-	-
Revenue reserves as per financial statements	78,583	65,410	10,636	1,655

ANALYSIS OF SHAREHOLDINGS as at 24 April 2012

Authorised share capital	:	RM 100,000,000 divided into 200,000,000 ordinary shares of RM 0.50 each.
Issued and fully paid-up capital	:	RM 67,500,000 divided into 135,000,000 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

Size of holdings	No. of holders	Total holdings	%
Less than 100 shares	5	102	0.00#
100 - 1,000 shares	168	129,800	0.10%
1,001 - 10,000 shares	500	2,441,200	1.81%
10,001 - 100,000 shares	202	7,064,602	5.23%
100,001 to less than 5% of issued shares	74	32,499,300	24.07%
5% and above of issued shares	4	92,864,996	68.79%
Total	953	135,000,000	100.00%

less than 0.01%

List of Substantial shareholders

as per the Register of substantial shareholders as at 24 April 2012

		Direct		Indirect	
	Name	No. of shares held	%	No. of shares held	%
1	Sarawak Energy Berhad	29,109,998	21.56%	-	-
2	Dato Sri Mahmud Abu Bekir Taib	26,125,000 (1)	19.35%	16,890,000 (2)	12.51%
3	Leader Universal Holdings Berhad	20,739,998	15.36%	-	-
4	Central Paragon Sdn. Bhd.	16,890,000 (3)	12.51%	-	-
5	Dato' Seri H'ng Bok San @ H'ng Ah Ba	125,000	0.09%	20,864,998 (4)	15.46%
6	Yek Siew Liong	725,000	0.54%	16,890,000 (2)	12.51%
7	UF Jaya Sdn. Bhd.	-	-	16,890,000 (2)	12.51%

ANALYSIS OF SHAREHOLDINGS

List of Substantial shareholders (contd.)

as per the Register of substantial shareholders as at 24 April 2012

	Direct		Indirect	
Name	No. of shares held	%	No. of shares held	%
8 Baodi Development Sdn. Bhd.	-	-	16,890,000 (5)	12.51%
9 Yek Min Ek Sdn. Bhd.	-	-	16,890,000 (6)	12.51%
10 Dato Sri Yit Ming Yik @ Yek Min Ek	-	-	16,890,000 (7)	12.51%
11 Datin Sri Ting Phik Chai	-	-	16,890,000 (7)	12.51%
12 State Financial Secretary Sarawak	-	-	29,109,998 (8)	21.56%
13 Delegateam Sdn. Bhd.	-	-	29,109,998 (8)	21.56%

Notes:
(1) Held through AmSec Nominees (Tempatan) Sdn. Bhd.
(2) Deemed interested by virtue of their interests in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(3) Held through EB Nominees (Tempatan) Sdn. Bhd.
(4) Deemed interested by virtue of his interest in Leader Universal Holdings Berhad and his child's interest pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965 respectively.
(5) Deemed interested by virtue of its interest in Central Paragon Sdn. Bhd. via UF Jaya Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(6) Deemed interested by virtue of its interest in Central Paragon Sdn. Bhd. via Baodi Development Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(7) Deemed interested by virtue of their interests in Central Paragon Sdn. Bh. via Yek Min Ek Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(8) Deemed interested by virtue of their interests in Sarawak Energy Berhad pursuant to Section 6A of the Companies Act, 1965.

List of top thirty largest shareholders

as at 24 April 2012

Names	No. of shares held	%
1. Sarawak Energy Berhad	29,109,998	21.56%
2. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmIslamic Bank Berhad for Dato Sri Mahmud Abu Bekir Taib (SCable)	26,125,000	19.35%
3. Leader Universal Holdings Berhad	20,739,998	15.36%
4. EB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Central Paragon Sdn. Bhd. (Kch)	16,890,000	12.51%
5. Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	5,961,000	4.42%
6. Toh Chee Ching	3,425,000	2.54%
7. DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Deutsche Trustees Malaysia Berhad for Eastspring Investments Growth Fund	1,592,700	1.18%
8. RHB Capital Nominees (Tempatan) Sdn. Bhd. Tiong Teck Mee (SIB)	1,441,800	1.07%
9. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pui Chin Kim	1,315,000	0.97%
10. DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,282,000	0.95%

ANALYSIS OF SHAREHOLDINGS

List of top thirty largest shareholders (contd.)

as at 24 April 2012

Names		No. of shares held	%
11.	Pui Siaw Min	1,050,000	0.78%
12.	Ching Seng Chai	953,000	0.71%
13.	Kumpulan Wang Simpanan Guru-Guru	750,000	0.56%
14.	Kumpulan Wang Simpanan Guru-Guru	750,000	0.56%
15.	Yek Siew Liong	725,000	0.54%
16.	Datuk Fong Joo Chung	595,000	0.44%
17.	Kiu Siu Ley	550,000	0.41%
18.	Hoo Ting Yen	537,900	0.40%
19.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Deutsche Trustees Malaysia Berhad for Eastspring Investments Dynamic Fund	478,100	0.35%
20.	Danice Endawie Ita	445,000	0.33%
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chong Mui Choon @ Chong Mui Chun	411,100	0.30%
22.	Larico Infrastructure Sdn. Bhd.	390,000	0.29%
23.	Jayanata Sdn. Bhd.	368,000	0.27%
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. AmTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	364,900	0.27%
25.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lau Nguok Sing	340,000	0.25%
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chia Kwoon Meng (MM0678)	303,500	0.22%
27.	Chai Hon Leong	300,000	0.22%
28.	Anthony Lee Ngie Yiung	290,000	0.21%
29.	Lu Khui Kai	282,800	0.21%
30.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lo Kok Kiong (Margin)	253,500	0.19%

ANALYSIS OF SHAREHOLDINGS

Directors' interests in the Company

as at 24 April 2012

		Direct		Indirect	
	Names	**No. of shares held**	**%**	**No. of shares held**	**%**
1	Dato Sri Mahmud Abu Bekir Taib	26,125,000 (1)	19.35%	16,890,000 (2)	12.51%
2	Datuk Fong Joo Chung	595,000	0.44%	-	-
3	Toh Chee Ching	3,425,000	2.54%	730,000 (3)	0.54%
4	Dato' Seri H'ng Bok San @ H'ng Ah Ba	125,000	0.09%	20,864,998 (4)	15.46%
5	Yek Siew Liong	725,000	0.54%	16,890,000 (5)	12.51%
6	Kevin How Kow	-	-	-	-
7	Dato' Ahmad Redza bin Abdullah	-	-	-	-
8	Erman bin Radin	126,800	0.09%	-	-
9	Kon Ted Liuk (alternate director to Dato' Seri H'ng Bok San @ H'ng Ah Ba)	-	-	-	-

Notes:
(1) Held through AmSec Nominees (Tempatan) Sdn. Bhd.
(2) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
(3) Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn. Bhd. and his spouse's interest pursuant to Section 6A and Section 4(12)(c) of the Companies Act, 1965 respectively.
(4) Deemed interested by virtue of his interest in Leader Universal Holdings Berhad and his child's interest pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965 respectively.
(5) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. via Yek Min Ek Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

LIST OF PROPERTIES as at 31 December 2011

Item No.	Name of Company	Location	Description	Tenure	Land/ Built-up area	Age of Building	Net Book Value RM'000
1	Universal Cable (Sarawak) Sdn Bhd	Lot 1303 Section 66, Pending Industrial Estate, 93756 Kuching, Sarawak	Semi detached ready built factory	Leasehold interest 60 years expiring on 05.03.2041	10,120/ 10,890	30 years	157
2	Universal Cable (Sarawak) Sdn Bhd	Lot 1304 Section 66, Pending Industrial Estate, 93756 Kuching, Sarawak	Semi detached ready built factory	Leasehold interest 60 years expiring on 05.03.2041	11,670/ 11,926	30 years	181
3	Universal Cable (Sarawak) Sdn Bhd	Lot 2271 Section 66, Pending Industrial Estate, 93756 Kuching, Sarawak	Two (2)-storey detached building	Leasehold interest 60 years expiring on 05.03.2041	42,571/ 37,709	30 years	566
4	Universal Cable (Sarawak) Sdn Bhd	Lot 767 Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, 93050 Kuching, Sarawak	Three (3) adjoining units of single storey factory, three (3)-storey administrative block, a single storey product warehouse, a raw material warehouse and a guard house	Leasehold interest 60 years expiring on 02.11.2063	261,348/ 121,766	3 years	1,802
5	Sarwaja Timur Sdn Bhd	Lot 342, Block 8, Muara Tebas Land District, Jalan Kampung Sejingkat, Off Jalan Bako, 93050 Kuching, Sarawak.	Three (3) storey Administrative block, Galvanising plant, Fabrication plant, warehouse, canteen and guard house	Leasehold interest 60 years expriring on 6.11.2049	779,953/ 265,001	16 years	3,713

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth (14th) Annual General Meeting of Sarawak Cable Berhad ("**SCB**" or "**the Company**") will be held at 360, Urban Resort Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 11 June 2012 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 2011 and the Reports of the Directors and Auditors thereon.

2. To declare a final single-tier dividend of 2.5 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2011. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM1,055,000 for the financial year ended 31 December 2011. **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) Mr. Toh Chee Ching **Resolution 3**
(ii) Mr. Yek Siew Liong **Resolution 4**

5. To consider and if thought fit, to pass the following resolution: **Resolution 5**
"THAT pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Dato' Seri H'ng Bok San @ H'ng Ah Ba be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting."

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

Special Business
To consider and, if thought fit, to pass the following resolutions with or without modifications:

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

"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. Ordinary Resolution **Resolution 8**
- Proposed increase in the authorised share capital of SCB from RM100,000,000.00 comprising 200,000,000 ordinary shares of RM0.50 each to RM250,000,000.00 comprising 500,000,000 ordinary shares of RM0.50 each ("Proposed Increase in Authorised Share Capital")

"THAT the authorised share capital of the Company be increased from RM100,000,000.00 comprising 200,000,000 ordinary shares of RM0.50 each to RM250,000,000.00 comprising 500,000,000 ordinary shares of RM0.50 each in the share capital of the Company."

NOTICE OF ANNUAL GENERAL MEETING

9. Ordinary Resolution **Resolution 9**

- Proposed shareholder ratification for recurrent related party transaction of a revenue or trading nature ("RRPT")

"THAT all recurrent related party transactions of a revenue or trading nature entered into or to be entered into by the Company and/or its subsidiaries ("SCB Group") with the related party, as set out in Section 3.2 on page 3 of the Circular to Shareholders dated 18 May 2012, from 12 March 2012, being the date when SCB's subsidiaries entered into the RRPT with the related party, up to the date of the forthcoming AGM of the Company, which are necessary for the Group's day-to-day operations, be hereby approved and ratified."

10. Ordinary Resolution **Resolution 10**

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

"THAT approval be hereby given to the Company and its subsidiaries ("SCB Group") to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of SCB Group as outlined in Section 3.2 on pages 3 to 7 of the Circular to Shareholders dated 18 May 2012 ("Circular"), with the specific related parties mentioned therein subject further to the following:

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

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

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

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

(i) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by 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 ("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 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.

AND THAT the estimated value given on the recurrent related party transactions specified in Section 3.2 of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 3.5 of the Circular."

NOTICE OF ANNUAL GENERAL MEETING

11. Special Resolution **Resolution 11**
- Proposed amendments to the Memorandum of Association of the Company

"THAT subject to the passing of Resolution 8, the existing Clause 6 of the Company's Memorandum of Association be deleted in its entirety and be substituted with the new Clause 6 as follows:

"The authorised capital of the Company is RM250,000,000.00 (Ringgit Malaysia Two Hundred and Fifty Million) divided into 500,000,000 ordinary shares of RM0.50 each. The shares in the original or any increased or reduced capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other rights, privileges, conditions or restrictions as to dividends, repayment of capital, capital voting or otherwise."

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

12. Special Resolution **Resolution 12**
Proposed amendments to the Company's Articles of Association

"THAT the proposed amendments to the Company's Articles of Association as set out in the Appendix A be hereby approved."

13. To transact any other business of which, due notice have been 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 final single-tier dividend of 2.5 sen per ordinary share of RM0.50 each, in respect of the financial year ended 31 December 2011, if approved at the Fourteenth (14th) Annual General Meeting, will be payable on 27 July 2012 to depositors whose names appear in the Record of Depositors on 4 July 2012.

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 4 July 2012 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,

Ms. Teoh Wen Jinq (MIA 25770)
Ms. Voon Jan Moi (MAICSA 7021367)
Company Secretaries

Kuching, Sarawak
Dated : 18 May 2012

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:-

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

The proposed resolution 7 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

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

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

(b) Ordinary resolution no. 8 - Proposed increase in the authorised share capital of SCB

The proposed resolution 8 is to facilitate the increase in the issued and paid-up share capital of the Company pursuant to any possible fund raising exercises.

(c) Ordinary resolution no. 9 - Proposed shareholder ratification for recurrent related party transaction of a revenue or trading nature

The proposed resolution 9, if passed, will ratify all recurrent related party transactions of a revenue or trading nature that have been entered into or to be entered into by SCB Group with the related party as identified in Section 3.2 on page 3 of the Circular, which are necessary for the Group's day-to-day operations. Please refer to the Circular for further information.

(d) Ordinary resolution no. 10 - 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, a public listed company may seek a shareholder mandate.

The proposed resolution 10 if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.2 on pages 3 to 7 of the Circular, which are necessary for the SCB Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

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

Please refer to the Circular for further information.

(e) Special resolution no. 11 - Proposed amendments to the Memorandum of Association of the Company

The proposed resolution 11 is to amend Clause 6 of the Memorandum of Association if the proposed resolution 8 is passed.

(f) Special resolution no. 12 - Proposed amendments to the Company's Articles of Association

The proposed resolution 12 is to amend the Company's Articles of Association in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Appendix A for further information.

Notes:

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *To be valid, this form, 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 and vote at this Annual General Meeting ("AGM") shall not be entitled to appoint more than two (2) proxies to attend 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 4 June 2012 shall be regarded as a Member of the Company entitled to attend this AGM or appoint a proxy to attend and vote on his behalf.*

APPENDIX A

Details of the proposed amendments to the Company's Articles of Association

The Company's Articles of Association be altered, modified, added and deleted in the following manner:

1. THAT the existing Article 4(e) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 4(e):

   No director shall participate in a scheme involving a new issuance of shares to the employees ("Share Issuance Scheme") unless Members in general meeting have approved the specif c allotment to be made to such director.

2. THAT the existing Article 78 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 78:

   (a) The instrument appointinga Proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. The instrument appointing a Proxy shall be deemed to confer authority to demand or join in demanding a poll.

   (b) 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 qualif cation of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

   (c) A Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

3. THAT the existing Article 79 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 79:

   Appointment of multiple proxies

   A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at a meeting of the Company. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple benef cial 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 def ned under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. THAT the following new footnote (5) be added immediately after the existing footnote (4) in the Article 80 of the Company's Articles of Association:

   (5) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple benef cial 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 def ned under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

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SARAWAK CABLE BERHAD (Company No. 456400-V)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

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

of ..... (Address)

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

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

(Name in full) ..... (*NRIC/Passport No.) or the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held at 360, Urban Resort Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 11 June 2012 at 11.00 a.m. and, at any adjournment thereof for/against the resolution(s) to be proposed thereat.

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

No.	Resolutions	For	Against
1	To declare a final single-tier dividend of 2.5 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2011.		
2	To approve the payment of Directors' fees for the financial year ended 31 December 2011.		
3	To re-elect Mr. Toh Chee Ching as Director.		
4	To re-elect Mr. Yek Siew Liong as Director.		
5	To re-appoint YBhg. Dato' Seri H'ng Bok San @ H'ng Ah Ba as Director.		
6	To re-appoint Messrs. Ernst & Young as auditors for the ensuring year.		
7	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8	To approve the proposed increase in the authorised share capital of SCB.		
9	To approve the proposed shareholder ratification for recurrent related party transaction of a revenue or trading nature.		
10	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature.		
11	To approve the proposed amendments to the Memorandum of Association of the Company.		
12	To approve the proposed amendments to the Company's Articles of Association.		

** 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 f t, 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 ....., 2012

.....

Signature of shareholder(s)/common seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
2. To be valid, this form, 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 and vote at this Annual General Meeting ("AGM") shall not be entitled to appoint more than two (2) proxies to attend 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, this form 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 4 June 2012 shall be regarded as a Member of the Company entitled to attend this AGM or appoint a proxy to attend and vote on his behalf.

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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,
Demak Laut Industrial Estate Phase III,
Jalan Bako, 93050 Kuching, Sarawak, Malaysia.
Tel : +6 082 433 111
Fax : +6 082 433 311

SARAWAK
CABLE
BERHAD
(456400-V)

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