INSTACOM

13

annual report

INSTACOM

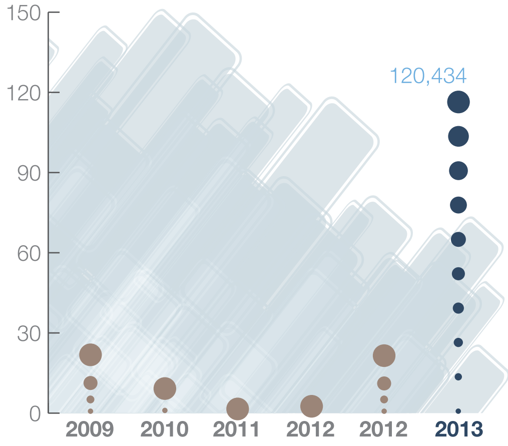
Mission Statement

"To achieve the status as the market leader in the provision of total solution for infrastructure development for mobile phone operators in Malaysia."

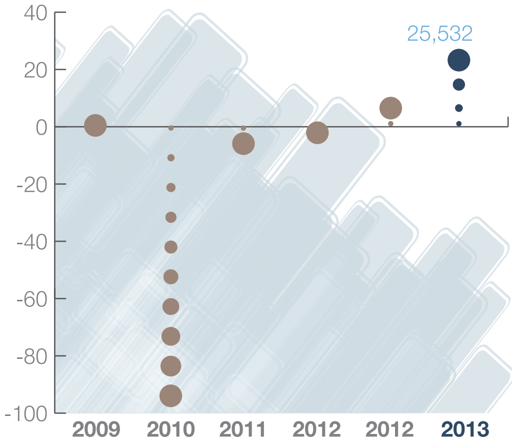
CONTENT

FINANCIAL HIGHLIGHTS

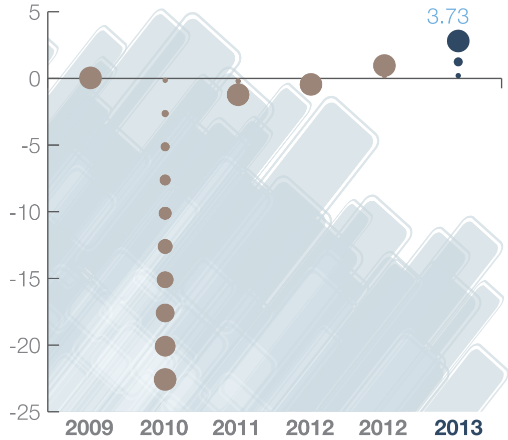
REVENUE (RM'000)



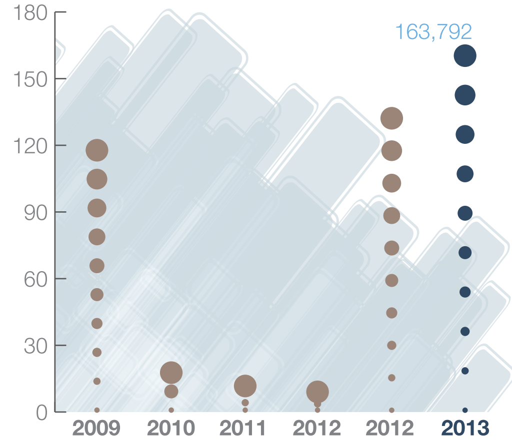
Profit before tax / (Loss before tax) (RM'000)



Basic earnings/ (loss) per share (Sen)



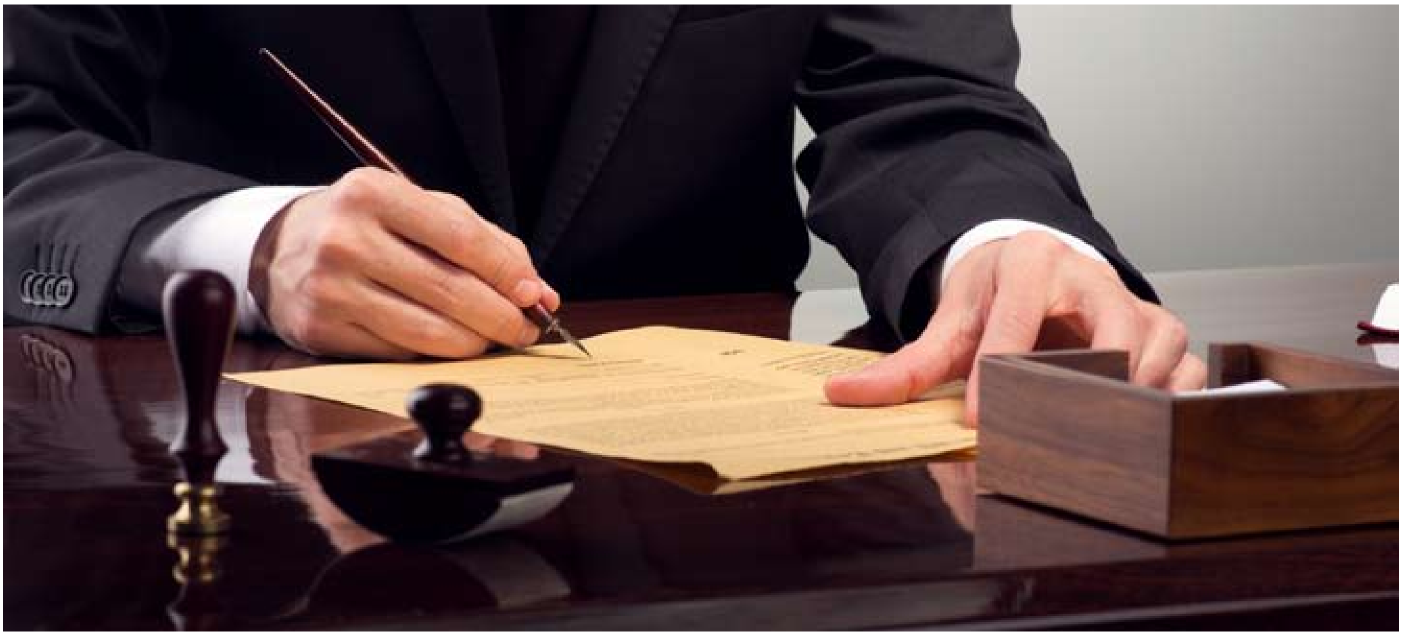
Net assets per share attributable to equity holders (RM'000)



FIVE YEAR GROUP FINANCIAL SUMMARY

	<------------------Financial Year Ended 30 June			------------------>	FYE 31 Dec	FYE 31 Dec
	2009	2010	2011	2012	2012	2013
FINANCIAL RESULTS (RM'000)						
Revenue	25,847	13,376	3,533	3,576	25,565	120,434
Profit before tax / (Loss before tax)	220	(94,735)	(8,340)	(2,872)	7,673	25,532
Profit/(Loss) attributable to equity holders	137	(94,772)	(8,343)	(2,869)	6,788	26,224
KEY BALANCE SHEET DATA (RM'000)						
Total Assets	123,022	24,857	16,427	13,581	253,260	237,400
Total Liabilities	2,020	119	142	165	115,344	73,608
Net assets attributable to equity holders	121,002	24,738	16,285	13,416	137,916	163,792
No. of shares in issue at year end (after deducting treasury shares)	412,815,000	402,623,400	402,623,400	402,623,400	702,254,261	702,254,261
SHARES INFORMATION						
Basic earnings/(loss) per share (sen)	0.03	(23.38)	(2.07)	(0.71)	1.79	3.73
Net assets per share attributable to equity holders (RM)	0.29	0.29	0.04	0.03	0.20	0.23

CHAIRMAN'S STATEMENT



DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Instacom Group Berhad, I hereby present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended ("FYE") 31 December 2013.

CORPORATE DEVELOPMENTS

Subsequent to the establishment of the new enlarged Instacom Group in 2012, the Group via RHB Investment Bank Berhad ("RHB"), had on 12 June 2013 announced the Company's proposal to undertake bonus issue of 351,127,130 warrants ("Warrants") in Instacom on the basis of one (1) free Warrant for every two (2) existing ordinary shares with the par value of RM0.10 each held on an entitlement date which was determined on a later date ("Bonus Issue of Warrants"). The Bonus Issue of Warrants was proposed as the Company wanted to reward its existing shareholders for their continuous support of the Company. The Warrants were successfully listed on 9 September 2013.

FINANCIAL PERFORMANCE

For the FYE 31 December 2013, the Group achieved revenue of RM120.434 million, an increase of RM94.869 million as compared to the financial period ended ("FPE") 31 December 2012. Profit before tax ("PBT") for FYE 31 December 2013 was RM25.466 million, an increase of RM17.793 million from FPE 31 December 2012. The increase in revenue and PBT were mainly due to the consolidation of the full 12 months results of the subsidiary companies of Instacom Group for the FYE 31 December 2013, as compared to the consolidation of the subsidiary companies' results for the period from 8 October 2012 to 31 December 2012 for the FPE 31 December 2012. The increase in revenue and profit before tax are also attributable to Instacom's success in securing a few large projects during the FYE 31 December 2013.

The vendors of Instacom Engineering Sdn Bhd ("IESB") had provided a profit guarantee that the forecast audited profit after tax of the Group shall not be less than RM15.0 million for the FYE 31 December 2013. With these strong results, Instacom had surpassed the profit guarantee provided by the vendors of the Company by approximately 74.8%.

Civil, mechanical and electrical works segment ("CME")

CME was the main revenue contributor for the FYE 31 December 2013, contributing 60.4% or RM72.738 million of the Group's total revenue. The strong revenue contribution is attributable to the high number of roll-out of Outside Plant ("OSP") sites in the FYE 31 December 2013. The increase in revenue for the FYE 31 December 2013 as compared to RM6.594 million revenue generated in the FPE 31 December 2012 is due to the different consolidation period as mentioned above.

Telecommunication equipment installation segment ("TI")

TI contributed RM17.224 million to the Group's revenue, or 14.3% for the FYE 31 December 2013. When compared to the revenue generated by TI in the FPE 31 December 2012, the revenue for FYE 31 December 2013 has recorded an increase of RM15.339 million, mainly due to the different consolidation period as mentioned above.

CHAIRMAN'S STATEMENT (cont'd)

Turnkey build and finance ("TBF")

TBF contributed RM28.020 million to the Group's revenue, or 23.3% for the FYE 31 December 2013. When compared to the revenue generated by TBF in the FPE 31 December 2012, TBF's revenue has shown an increase of RM13.142 million, mainly attributable to the completion and commissioning of several large TBF sites and also due to the different consolidation period as mentioned above.

Information and Communication Technology ("ICT")

ICT contributed RM2.452 million to the Group's revenue, or approximately 2.0% for the FYE 31 December 2013. In comparison to ICT's revenue that was generated in FPE 31 December 2012, ICT's revenue in FYE 31 December 2013 has decreased by RM0.244 million, mainly attributable to lower maintenance and support work provided. The Group has discontinued the ICT segment at the end of FYE 31 December 2013 as Instacom wanted to streamline its operations to focus on the core segments of its telecommunication business comprising CME, TI and TBF.

INDUSTRY OUTLOOK AND GROUP PROSPECT

The prospects of solutions providers in the Malaysia's telecommunications industry seem promising. At the tabling of Budget 2014, the Malaysian Government announced its aspirations to increase Internet coverage in rural areas and, toward this end, plans to build a total of 1,000 telecommunication transmission towers in the next three years with an investment value of RM1.5 billion.

The telecommunication industry is also expected to grow by leaps and bounds as Malaysia moves into the LTE (Long Term Evolution) era with major operators looking to expand their data earnings. According to Ericsson, with mobile data traffic doubling this year in line with the global trends, Ericsson foresees mobile data volumes rising by a compound annual growth rate of around 50% between 2012 and 2018 *(Source: The Oxford Business Group, 17 April 2013).*

In addition, the telecommunications network services market is expected to register a compound annual growth rate of 3.3 percent during the period from 2010 to 2015, while household broadband penetration rate in Malaysia is projected to reach 75.0% in 2015 *(Source: Protégé Associates, 28 June 2012).*

Given all these positive factors which bode well for the growth in the local telecommunications network services market and barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the coming financial year ending 31 December 2014.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to convey our sincere gratitude to the Directors of the Group who have provided valuable insights, guidance and wise counsels to the Group. A big thank you also goes out to our staff for all their tireless efforts, loyalty, dedication and commitment to the Group and to all our customers, business associates, shareholders and various stakeholders for their continued support and confidence.

Choo Seng Choon
Chairman
Instacom Group Berhad

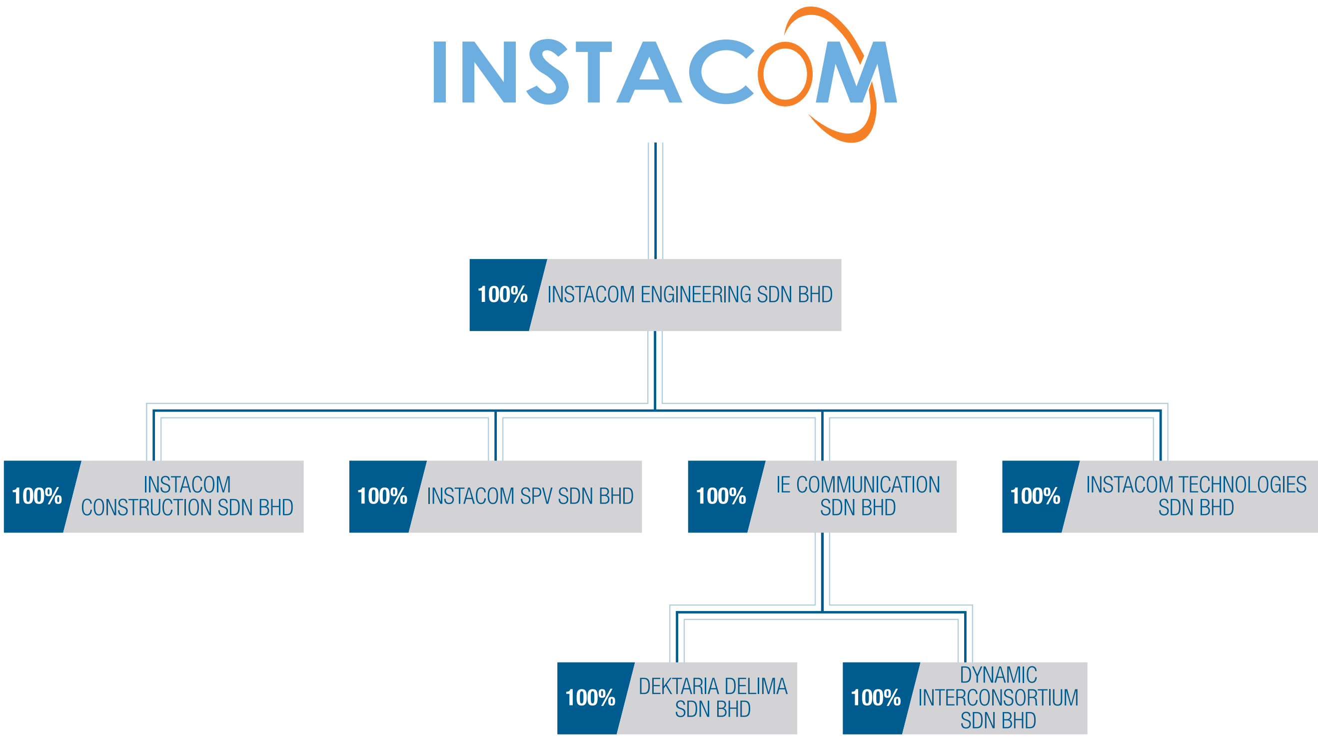
CORPORATE PROFILE

Instacom Group was established on 8 October 2012, when Instacom Engineering Sdn Bhd completed the restructuring and reverse take-over of I-Power Berhad. Consequently, I-Power Berhad changed its name to Instacom Group Berhad.

Instacom Group is an end to end solution provider for the telecommunication industry with more than 10 year of experience and proven track records in the telecommunication industry, where it has a strong foothold in providing telecommunications network services to the telecommunications carriers and operators all over Malaysia. In addition, the Group also has close working relationship with major telecommunications infrastructure, hardware and equipment market players, which put the Group in a good position to undertake subcontract telecommunications network services related jobs from these telecommunications infrastructure, hardware and equipment market players.

Instacom Group is headed by its Chief Executive Officer, Anne Kung Soo Ching, has been involved in the telecommunication industry for more than eight (8) years whilst the Director of sales and project management, Ngu Sing Hieng, possesses more than 20 years of experience working in the same industry. Together, they lead a strong and experienced team of skilled professionals and technical team that are widely experienced with competency and technical knowledge, which have enabled them to successfully undertake works on various telecommunication technology and platforms such as 2G, 2.5G, 3G, 4G, WiMAX and LTE.

THE STRUCTURE OF INSTACOM GROUP



CORPORATE PROFILE (cont'd)

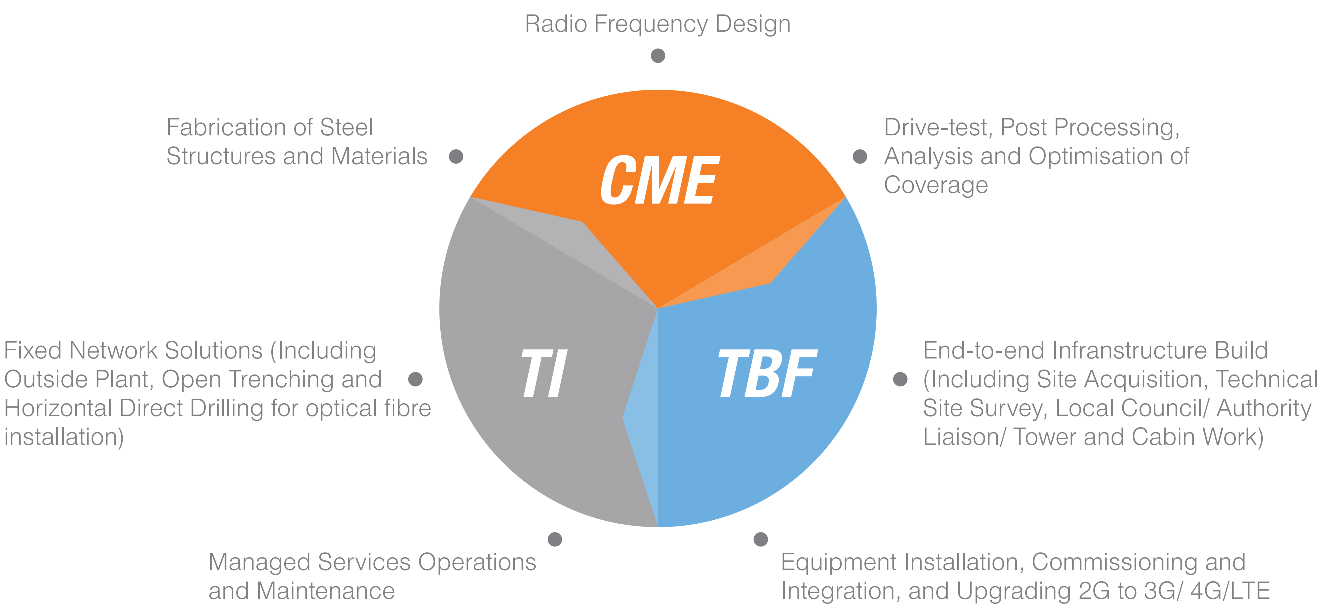
OUR PRODUCTS & SERVICES

Instacom Group is an end to end solution provider for the telecommunication industry with more than 10 year of experience and proven track records in the telecommunication industry. Our products and services can be segmented as follows :-

i) Civil, mechanical and electrical works ("CME")

ii) Telecommunication equipment installation ("TI")

iii) Turnkey build and finance ("TBF")



CORPORATE INFORMATION

BOARD OF DIRECTORS

Choo Seng Choon
(Chairman, Independent Non-Executive Director)

Anne Kung Soo Ching
(Chief Executive Officer/Executive Director)

Dato' Ngu Sing Hieng
(Executive Director)

Azahar bin Rasul
(Senior Independent Non-Executive Director)

Tay Mun Kit
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Choo Seng Choon (Chairman)
Azahar bin Rasul
Tay Mun Kit

NOMINATION COMMITTEE

Choo Seng Choon (Chairman)
Azahar bin Rasul

REMUNERATION COMMITTEE

Choo Seng Choon (Chairman)
Azahar bin Rasul

AUDITORS

STYL Associates (AF 1929)
Chartered Accountants
107B, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(ACE Market)

COMPANY SECRETARY

Laang Jhe How (MIA: 25193)
Anne Kung Soo Ching (MIA : 8449)

SPONSORS

RHB Investment Bank Berhad (19663-P)
Level 12, Tower Three,
RHB Centre, Jalan Tun Razak,
50400 Kuala Lumpur
Tel : 03-9287 8888
Fax : 03-9287 4770

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Malaysia Debt Ventures Berhad
RHB Islamic Bank Berhad
Public Bank Berhad
Hong Leong Islamic Bank Berhad

REGISTERED OFFICE

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail,
60000 Kuala Lumpur
Tel : 03-7729 1519
Fax: 03-7728 5948

SHARE REGISTRAR

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail,
60000 Kuala Lumpur
Tel : 03-7729 5529
Fax: 03-7728 5948

PRINCIPAL PLACE OF BUSINESS

No.21 & 22, 2nd & 3rd Floor,
Stutong Commercial Centre,
Jalan Setia Raja/Jalan Canna,
93350 Kuching, Sarawak
Tel : 082-366116
Fax : 082-366226

DIRECTORS' PROFILE

BOARD OF DIRECTORS

Name Of Members	Designation	Nationality
Choo Seng Choon	Chairman, Independent Non-Executive Director	Malaysian
Anne Kung Soo Ching	Chief Executive Officer, Executive Director	Malaysian
Dato' Ngu Sing Hieng	Executive Director	Malaysian
Azahar bin Rasul	Senior Independent Non-Executive Director	Malaysian
Tay Mun Kit	Independent Non-Executive Director	Malaysian

MR. CHOO SENG CHOON

A Malaysian and aged 40, Choo Seng Choon was appointed as an Independent Non-Executive Director on 7 September 2011. He is the also the Chairman of the Audit and Risk Management Committee and a Member of the Nomination Committee and Remuneration Committee. He was appointed as the Chairman of the Board on 30 October 2012.

He is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Member of the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors, Malaysia and a Certified Internal Auditor.

He has over 15 years of professional experience that includes internal audits, risk management, investigations, business management consulting, business process re-engineering, corporate governance advisory, due diligence, financial projections and financial audits.

He is currently the Executive Director and Chief Operating Officer of Audex Governance Sdn Bhd, a professional services firm that specialises in the provision of internal audit, risk management and management consulting services to a wide range of multinational and public listed conglomerate clients operating in the Asia Pacific Region.

He also sits on the board of directors of EA Holdings Berhad where he also serves as the Chairman of the Audit and Risk Management Committee for EA Holdings Berhad. In addition, he also sits on the board of directors of several private limited companies.

As at 31 December 2013, he did not hold ordinary shares in Instacom Group Berhad.

Choo attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2012. He has no family relationship with any director or substantial shareholder of the Company.

Choo has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

MS. ANNE KUNG SOO CHING

A Malaysian and aged 52, Anne was appointed to the Board as an Executive Director and Chief Executive Officer on 8 October 2012. She holds a Bachelor of Laws (Honours) Degree from the London School of Economics and Political Science, University of London. She has been called to Lincolns Inn in London and the High Court of Borneo in 1984.

Prior to joining Instacom Engineering Sdn Bhd, she was the Finance Director of Quality Concrete Sdn Bhd in 1992 before assuming the position of Executive Director in Quality Concrete Holdings Berhad (the listed entity of Quality Concrete Sdn Bhd) in 1996. She has served as the Treasurer of Sarawak Chamber of Commerce & Industry since 2007. She is a member of the SOCSO Appeal Board Member and Industrial Tribunal since 2004. In addition, she is also a member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England & Wales.

As at 31 December 2013, she held 102,000,000 ordinary shares in Instacom Group Berhad. She has no family relationship with any director or substantial shareholder of the Group.

Anne attended all the Board meetings held during her tenure in office for the financial period ended 31 December 2013.

Anne has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

DIRECTORS' PROFILE (cont'd)

DATO' NGU SING HIENG

A Malaysian and aged 50, Dato' Ngu Sing Hieng was appointed to the Board as an Executive Director on 8 October 2012. He holds a Bachelor of Engineering Degree in Electrical Engineering from the University of New South Wales, Australia.

Prior to joining Instacom Engineering Sdn Bhd, he was the director of Tennas Komunikasi Indah Sdn Bhd. He has also served in various companies such as Skypage Communications, Sydney (as programmer and Unix System Administrator), Answer Services (NZ) Ltd (as System Engineer) and Hager Elektronik Sdn Bhd (as General Manager).

As at 31 December 2013, he held 53,617,000 ordinary shares in Instacom Group Berhad. He has no family relationship with any director or substantial shareholder of the Group.

Dato' Ngu attended three (3) out of five (5) Board meetings held during his tenure in office for the financial period ended 31 December 2013.

Dato' Ngu has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

AZAHAR BIN RASUL

A Malaysian aged 52, Azahar was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 23 March 2012. He is also a member of the Nomination and Remuneration Committee of the Company.

He obtained his Bachelor of Science Degree in Business Administration from Central Michigan University in 1988 and a Master of Science Degree in Accounting from the University of New Haven, Connecticut, USA in 1990. He has over 26 years of experience in the field of corporate accounting, finance, banking and administration. His last employment was with Land & General Berhad as its Senior Manager for Administration and Finance until 1995, when he left to set up set up his own business. Azahar also sits on the board of directors of EA Holdings Berhad.

As at 31 December 2013, he did not hold ordinary shares in Instacom Group Berhad.

Azahar attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2013. He has no family relationship with any directors or substantial shareholder of the Company.

Azahar has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

MR. TAY MUN KIT

A Malaysian aged 38, Tay was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 18 December 2012.

Tay is a Fellow Member of the Association of Chartered Certified Accountants. He is also the Chief Financial Officer for EA Holdings Berhad, a company involved in the provision of investment holding, management and consultancy services. Prior to joining EA Holdings Berhad, he was attached to an audit firm and has more than 11 years of experience in the field of auditing and corporate services.

As at 31 December 2013, he did not hold ordinary shares in Instacom Group Berhad.

Tay attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2013. He has no family relationship with any director or substantial shareholder of the Company.

Tay has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

CORPORATE GOVERNANCE

The Board of Directors of Instacom Group Berhad is fully committed towards ensuring that the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied and practiced by the Group. The Board is pleased to report to the shareholders on how the Group has applied all the eight (8) principles of the Code and the extent to which it has complied with the recommendations of the Code.

BOARD OF DIRECTORS

Roles And Principal Responsibilities

The Board has overall responsibility for the corporate governance, proper conduct and strategic direction of the Group. The Board delegates authority and vests accountability for the Group's day to day operations with a management team led by the Group's CEO, Ms. Anne Kung. The Board, however, assume responsibility for the following areas :-

a) Reviewing and adopting a strategic plan for the Group;
b) Overseeing the conduct of the Group of the Group's business to evaluate whether the business is being properly managed;
c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
d) Succession planning;
e) Developing and implementing an investor relations programme and shareholder communications policy for the Group; and
f) Reviewing the adequacy and the integrity of the Group's internal controls systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer ("CEO") are clear and distinct. The Chairman is responsible for the effective conduct of Board discussions while the CEO is responsible for the running of the day to day operations of the Group.

Board Charter

In 2014, the Board had approved and adopted a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by the regulatory authorities. The Board Charter is available on Instacom's corporate website at www.instacom.com.my.

Composition and Balance

The Group is led and controlled by an effective and well-balanced Board which consists of members with wide range of business, technical and financial background in ensuring that the Group achieves the highest standard of performance, accountability and ethical behaviour as expected by the stakeholders.

The Board is made up of five (5) members, consisting of two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Board has a balanced composition of Executive and Non-Executive Independent Directors such that no individual or group of individuals can dominate the Board's decision making powers and processes. All Board members carry an independent judgment to bear on issues of strategy, performance, resources and standard of conducts.

The profiles of the Directors are presented on page 8 to 9 of this annual report.

En. Azahar bin Rasul was appointed as the Senior Independent Non-Executive Director, to whom the concerns by the public and external stakeholders can be addressed.

Reinforced Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. The Independent Non-Executive Directors are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent Directors and is satisfied they were able to discharge their responsibilities in an independent manner.

None of the current independent Board members had served the Company for more than nine years as per the recommendation of the Code. Should the tenure of an independent Director exceed nine years, shareholders' approval will be sought at a General Meeting or if the services of the Director concerned are still required, the director concerned will be re-designated as a non-independent Director.

There is clear separation of powers between the Chairman, who is an independent Director and the CEO, and this further enhances the independence of the Board. Should any Director have any interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.

CORPORATE GOVERNANCE (cont'd)

Board Meetings And Supply of Information to the Board

The Board will meet at least four (4) times a year with additional meetings being held as and when required. For the financial year ended 31 December 2013, five (5) Board meetings were held.

The agendas for the Board meetings were circulated well in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the matters to be discussed such as financial performance, investments and strategic direction prior to the meetings for their perusal and consideration to assist them in making well-informed decisions. All deliberations, issues discussed and decisions made at the Board meetings were properly recorded to provide a record and insight into those decisions. Senior management were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board.

The Board is ably supported by the various Board committees as recommended by the Malaysian Code on Corporate Governance. The committees set-up are the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. All Board committees discharged their duties within their terms of reference and make recommendation to the Board if matters are beyond their authority limit.

The Board members are given unrestricted access to all information pertaining to the Company; whether as a full Board or individually to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to enable the Board to discharge theirs duties with adequate knowledge on matters being deliberated.

The attendance of the Directors at Board meetings during the financial year are as shown below:

No.	Name Of Members	Designation	Attendance	Percentage Of Attendance
1	Choo Seng Choon	Chairman, Independent Non-Executive Director	5/5	100%
2	Anne Kung Soo Ching	Executive Director/CEO	5/5	100%
3	Dato' Ngu Sing Hieng	Executive Director	3/5	60%
4	Azahar bin Rasul	Senior Independent Non-Executive Director	5/5	100%
5	Tay Mun Kit	Independent Non-Executive Director	5/5	100%

Directors' Training

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group. All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development and the Board would also continually assess the training needs of the Directors as part of their obligation to update and enhance their skills and knowledge in order to effectively carry out their duties and responsibilities.

During the year 2013, the Directors had attended the following training programmes :-

Directors	Title of seminar/course
Choo Seng Choon	2014 Budget Seminar – Key Budget Changes and Implications
Anne Kung Soo Ching	2014 Malaysian Budget Seminar
Dato' Ngu Sing Hieng	2014 Malaysian Budget Seminar
Azahar bin Rasul	Responsible and Sustainable Growth Through Corporate Governance
Tay Mun Kit	The Companies Bill 2013 – Revamping the Companies Act 1965

CORPORATE GOVERNANCE (cont'd)

Appointment and Re-election

One third (1/3) of the Board shall retire from office and are eligible for re-election at each Annual General Meeting and all directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

Board Committees

(a) Audit and Risk Management Committee

The terms of reference of the Audit and Risk Committee are set out on page 16 to 18 of the annual report.

(b) Nomination Committee

The Nomination Committee comprises exclusively of independent Non-Executive Directors as follows :-

Choo Seng Choon	Chairman
Azahar bin Rasul	Member

The Nomination Committee considers and recommends to the Board suitable candidates whom the Committee feel would be of good value and a complementing addition to the Board. The appointment of the Directors remains the responsibility of the Board after taking into consideration the recommendations of the Nomination Committee. The assessment of the effectiveness of the Board collectively and individually is an on-going continuous process undertaken by the Nomination Committee. Whenever deemed necessary, the Committee would forward the relevant recommendations for the Board consideration. In carrying out its duties and responsibilities, the Nomination Committee have full, free and unrestricted access to any information, record, properties and personnel of the Group. The Committee may seek the external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

Nomination Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon	1/1	100%
2	Azahar bin Rasul	1/1	100%

(c) Remuneration Committee

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors as follows :-

Choo Seng Choon	Chairman
Azahar bin Rasul	Member

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive directors in all forms. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive Chairman and non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee have full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The remuneration package is designed to support the Company's strategy and to provide an appropriate incentive to maximise individual and corporate performance, whilst ensuring that overall rewards are market competitive. The Executive Directors' package consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance and fuel whilst the Non-executive Directors' package primarily consists of fees only.

CORPORATE GOVERNANCE (cont'd)

The remuneration packages for the Directors for the financial year ended 31 December 2013 are as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	458	-
Fees	-	66

The number of Directors whose remuneration falls into each band of RM50,000 are set as follows :-

	Number of Directors	
	Executive Directors	Non-Executive Directors
1 – 50,000	-	3
50,001 – 100,000	-	-
100,001 – 150,000	-	-
150,001 – 200,000	-	-
200,001 – 250,000	2	-

Remuneration Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon	1/1	100%
2	Azahar bin Rasul	1/1	100%

SHAREHOLDERS

Investors Relations and Shareholders Communication

The Board recognizes the importance of keeping all shareholders informed of the Group's business and corporate developments. Such information is disseminated through the Group's quarterly results, annual reports and through various disclosures via Bursa Malaysia Securities Berhad's website.

The forthcoming Annual General Meeting will be a great avenue of meeting between the Board of Directors and shareholders.

Annual General Meeting

The Annual General Meeting (AGM) is an important forum for communication and dialogue between the Group and the shareholders to raise questions or to inquire more information on the Group's development and financial performance. The CEO and Board members are present to address all shareholders' queries on issues relevant to the Group. However, if the queries raised are not immediately answerable during the AGM, the CEO will send a written letter containing the explanation after the AGM is over. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting.

The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

CORPORATE GOVERNANCE (cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates. A balanced and understandable assessment of the Group's position and prospects is released through annual financial statements and quarterly financial results.

Quarterly financial results and annual financial statements are reviewed by the Audit and Risk Management Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

Internal Control

The Board of Directors recognises the importance of an effective system of internal controls covering the financial, operations and compliance controls as well as risk management to safeguard the interests of the shareholders and stakeholders of the Group. The Board reviews the effectiveness of the internal control system through the Audit and Risk Management Committee with the assistance of the outsourced independent Internal Auditors, which carried out risk assessment and auditing of different areas of the business covering financial, operational and compliance.

Relationship With Auditors

The Audit and Risk Management Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Audit and Risk Management Committee on their findings. In doing so, the Group forges a transparent and professional relationship with the Company's External Auditors. The Audit and Risk Management Committee has met the External Auditors twice to review and discuss the audit plan, scope and nature of the audit, audit findings and financial statements for financial year ended 31 December 2013. These meetings were conducted without the presence of the Executive Directors and the Company's management staff.

Corporate Social Responsibility

The Group is fully aware that its business operations have both direct and indirect impacts on the communities and therefore we are committed to adopt and engage in Corporate Social Responsibility (CSR). We uphold our responsibility towards the statutory compliance of CSR and extends it further by implementing various measures as parts of our operation.

(a) The Environment

The Group emphasizes the importance, impact and implications its business operations have on the environment as a whole and implemented some measures in our operations to conserve and minimize the impact to the environment.

(i) Paperless environment
Business entities and staff are encouraged to fully maximize the advancement and benefits of ICT (eg email, instant messaging, etc.) for communication, filing and only print hard copy when necessary.

(ii) Recycling
Staffs are encouraged to maximize the usage of papers by printing on both sides while unwanted papers and recyclable items are collected and sent to be recycled. This initiative is in place to support the government's Go Green effort.

(iii) Inverter Based Air Conditioner
The Group has adopted the usage of Inverter-based air conditioners in the office recently. These air conditioners are significantly more efficient than conventional air conditioners as they do not consume as much energy.

(b) The Marketplace

The Group seeks to always uphold and comply the standards of Corporate Governance within the operation of the company in order to meet shareholder expectations and to benefit the stake of the shareholders.

(c) The Workplace

The Group always strives to set up a quality work environment for our dedicated workers in line with the health and safety standards. A good working environment is conducive to improve the efficiency and productivity of employees. Employees are also sent for various training during their employment to enhance their skills and abilities which would be beneficial for the group besides offering excellent opportunities for staff future career development.

In addition, the company also organizes gatherings, sports activities such as futsal and badminton games to foster and cultivate close ties among the company besides producing quality workforce with a strong sense belonging.

CORPORATE GOVERNANCE (cont'd)

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements of the Group are properly drawn up in accordance with applicable financial policies and standards in Malaysia so as to give a true and fair view of the Company's state of affairs as at the financial year and of the results and cash flows of the Company for that period.

The Board is also responsible for ensuring that the Group keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act, 1965. The Board, with the assistance of the Internal Auditors, takes the responsibilities of safeguarding assets of the Company to prevent and detect fraud and other irregularities seriously.

COMPLIANCE STATEMENT

The Board believes that the Company has in 2013 followed the Principles and Recommendations of the Code in all material aspects.

This statement is made in accordance with the resolution of the Board dated 28 April 2014.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Chairman	Choo Seng Choon (Independent Non-Executive Director)
Members	Azahar bin Rasul (Senior Independent Non-Executive Director)
	Tay Mun Kit (Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Composition

(a) The Audit and Risk Management Committee shall be appointed by the Board from amongst themselves comprising not less than three (3) members where the majority of them shall be composed of independent non-executive directors and the CEO shall not be a member of the Audit and Risk Management Committee.

(b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.

(c) The term of office of the Audit and Risk Management Committee is two (2) years and may be re-nominated and appointed by the Board.

(d) The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an independent director.

(e) All members of the Audit and Risk Management Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit and Risk Management Committee cease to be a Director of the Company, his membership in the Audit and Risk Management Committee would cease forthwith.

(f) No Alternate Director of the Board shall be appointed as a member of the Audit and Risk Management Committee.

(g) If the number of members of the Audit and Risk Management Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

(h) The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2. Duties and Responsibilities

The duties and responsibilities of the Committee shall include the followings :-

Matters relating to External Audit

(a) To review the nomination of external auditors and their audit fees;

(b) To review the nature, scope and quality of external audit plan/arrangements;

(c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;

(d) To review the external auditors' audit report;

(e) To review with the external auditors, their evaluation of the system of internal accounting controls;

(f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;

(g) To review any letter of resignation from the external auditors;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

2. Duties and Responsibilities (cont'd)

(h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(i) To review the assistance given by the Company's officers to the external auditors.

Matters relating to Internal Audit function

(a) To review the effectiveness of the internal audit function;

(b) To review the internal audit programme and results of the internal audit process;

(c) To review the follow up actions by the Management on the weakness of internal accounting procedures and controls;

(d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and

(e) To review the assistance and co-operation given by the Group and its officers to the internal auditors.

Risk Management and Internal Control

(a) To review the adequacy of risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;

(b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines; and

(c) To recommend to the Board of Directors the Statement of Internal Control and any changes to the said statement.

3. Authority

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company :

(a) have explicit authority to investigate any matter within its terms of reference;

(b) have the resources which the Committee needs to perform the duties;

(c) have full access to any information which the Committee requires in the course of performing its duties;

(d) have unrestricted access to all employees of the Group;

(e) have direct communication channels with the external auditors;

(f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and

(g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

4. Meetings and Minutes

The Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Committee shall be the Company Secretary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

5. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action. The total costs incurred for the outsourced internal audit function during the year was RM34,806.

Summary of Activities,

During the financial year ended 31 December 2013, in line with the terms of reference, the Committee carried out the following activities in the discharge of its functions and duties:

1. Meeting with the external auditors to review the audited financial statements for the financial year ended 31 December 2013;

2. Reviewed the audit reports of the Group prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;

3. Reviewed the quarterly and year-end financial results of the Group prior to submission to the Board for consideration and approval;

4. Reviewed the disclosure of related party transactions entered into by the Group in the annual report of the Group;

5. Reviewed the audit plan, nature and scope of the external auditors and considering their audit fee;

6. Reviewed the audit plan, nature and scope as proposed by the internal auditors;

7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.

Meeting Attendance

The Committee held five (5) meetings during the financial year ended 31 December 2013. The details of the attendance are as follows:

Directors	No. of meetings attended
Choo Seng Choon	5/5
Azahar bin Rasul	5/5
Tay Mun Kit	5/5

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors to include in its annual report a statement about the state of the risk management and internal controls of the Group. The Malaysian Code of Corporate Governance 2012 under Principle 6 states that the Board should establish a sound risk management framework and internal controls systems.

BOARD RESPONSIBILITIES

The Board of Directors ("the Board") recognizes the importance of maintaining a good system of risk management and internal controls and risk management to safeguard shareholders' investment and the Group's assets. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Group's operational effectiveness and efficiency.

The Board has reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Group. It recognizes that due to inherent limitations, such systems are designed to manage rather than to eliminate the risk of business failure. As such, these systems could only provide reasonable but not absolute assurance against material misstatements or losses and the effectiveness of an internal control system may vary over time.

SYSTEM OF RISK MANAGEMENT

The Board acknowledged that all areas of the Group's activities involve some degree of risks and recognises that effective risk management is part of good business management practice for the successful achievement of the Group's business objectives. Operationally, the respective directors of the subsidiary companies and key management staff are responsible for managing the risks of their departments and periodic management meetings are held to address significant issues faced by the Group so as to ensure significant risks are closely monitored and appropriately addressed. Significant risks of are highlighted to the Board on an exception basis. The abovementioned practices/initiatives serves as the on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Group's business objectives.

SYSTEM OF INTERNAL CONTROL

The key measures implemented in the Group are as follows :-

(i) A well-defined organization structure with distinct lines of accountability that sets out the authority delegated to the board and management committees;

(ii) Documented policies and procedures for all significant processes;

(iii) The executive directors adopt a hands-on approach in running the business and operations of the Group and reports to the Board on significant changes which may affect the operations of the Group.

(iv) A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;

(v) Performance reports such as quarterly financial review, business development and other corporate matters are regularly provided to the Directors for discussion and deliberations at Board of Directors meeting;

(vi) Review of quarterly and annual financial results by the Audit and Risk Management Committee;

(vii) Regular meetings by the management team to discuss and review reports and business developments and to resolve key operations and managements issues; and

(viii) Review the adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional firm to review the adequacy and integrity of the internal control systems of the Group.

The functions of the internal audit are as follows :-

1. Perform audit work in accordance with the pre-approved internal audit plan.

2. Carry out review on the system of internal controls of the Company.

3. Review and comment on the effectiveness and adequacy of the existing control policies and procedures.

4. Provide recommendations, if any, for the improvement of the control policies and procedures.

5. Review and comment on the implementation status of the recommendation by the internal audit function.

The internal audit function reports directly to the Audit and Risk Management Committee and is independent of the management. The internal audit reports are submitted to the Audit and Risk Management Committee who would review and deliberate on the findings before making the necessary recommendations to the Board to strengthen its system of internal control and policies.

CONCLUSION

The Board have received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group and is of the view that that the system of internal control is adequate based on the size of the Group's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may result in a significant loss to the Group for the FYE 31 December 2013. The Board will remain vigilant and continues to take the necessary measures to improve and strengthen the Group's system of risk management and internal controls to adapt to the ever changing and challenging business environment.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external Auditors have reviewed the Statement on Internal Control and reported to the Board that nothing has come to their attention that causes them to believe the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This Statement was made in accordance with a resolution of the Board dated 28 April 2014.

ADDITIONAL COMPLIANCE INFORMATION

(a) Utilisation of Proceeds

The status of utilisation of the gross proceeds of RM18.320 million from the private placement by the Group as at 31 December 2013 are as follows:-

Purposes	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Timeframe for Utilisation	Explanation
Working capital	16,320	15,712	-	608	Within 12 months from date of listing	Being the additional listing expenses of RM607,781incurred
Listing expenses	2,000	2,608	-	(608)	Upon completion of the acquisition of IESB and other related proposals	
Total	18,320	18,320	-	-		

* Inclusive of excess in listing expenses amounting to RM607,781.

Based on the above, the Group had fully utilised the proceeds raised from its private placement exercise.

(b) Share Buybacks

There was no Share Buybacks arrangement during the financial year.

(c) Options, Warrants or Convertible Securities

None of the Warrants 2013/2018 has been exercised during the financial year and the total number of warrants remained unexercised is 351,127,130.

(d) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year ended 31 December 2013, the Company did not sponsor any ADR or GDR programme.

(e) Sanctions and Penalties

There were no material sanctions and penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

(f) Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group by its external auditors for the financial year ended 31 December 2013 was RM4,000.

(g) Profit Estimates, Forecast or Projection

The vendors of IESB have provided a profit guarantee that the forecasted PAT for newly formed Instacom group for shall not be less than RM15.0 million for the FYE 31 December 2013. As per the audited financial statements as at 31 December 2013, Instacom Group have revenues of RM120.434 million and PAT of RM26.224 million, thus surpassing the said profit guarantee by 74.8%.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

(h) Profit Guarantee

Save as disclosed in (g) above, there was no other profit guarantee given by the Group in respect of the financial year.

(i) Material Contracts

During the financial period, there were no material contracts of the Group involving its Directors' and major shareholders' interest.

(j) Revaluation Policy

The Group does not have a revaluation policy in respect of its properties.

(k) Recurrent Related Party Transactions of Revenue Nature ("RRPT")

During the financial period, the Group did not enter into any RRPT.

Financial Statements

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of e-business software application development, software integration and related services, sales of related products as well as engaged in telecommunication engineering and services. The principal activities of its subsidiary companies are disclosed in Note 6 to the Financial Statements.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	25,531,682	30,890,150
Income tax credit	692,567	-
Profit for the financial year	26,224,249	30,890,150

DIVIDENDS

There were no dividends paid or proposed since the end of the last financial period. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISION

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares or debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

WARRANTS 2013/2018

On 2 September 2013, a total of 351,127,130 free Warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each held on 30 August 2013. The Warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 9 September 2013.

Each Warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.33 and at any time during the exercise period up to the date of expiry on 8 September 2018. Any Warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of Warrants.

As at the end of the financial year, the entire allotted Warrants remained unexercised.

DIRECTORS' REPORT (cont'd)

DIRECTORS

The directors in the office since the date of the last report are:

Dato' Ngu Sing Hieng

Anne Kung Soo Ching

Choo Seng Choon

Azahar Bin Rasul

Tay Mun Kit

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to 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 period, no director has received or become entitled to receive any benefit (other than the directors' remunerations as disclosed in the Financial Statements) by reason of contract made by the Company with the directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

Details of the directors who held office at the end of the financial year having interest in shares of the Company during the financial year were:

	Number of ordinary shares of RM0.10 each			
	At start of the year	Addition	Disposal	At end of the year
Dato' Ngu Sing Hieng	102,000,000	-	(48,383,000)	53,617,000
Anne Kung Soo Ching	102,000,000	-	-	102,000,000

	Number of 2013/2018 Warrants			
	At start of the year	Addition	Disposal	At end of the year
Dato' Ngu Sing Hieng	-	51,000,000	(51,000,000)	-
Anne Kung Soo Ching	-	51,000,000	(51,000,000)	-

INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps.

1. 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 no known bad debts had been written off and that no allowance for doubtful debts was necessary; and

2. to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (cont'd)

INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

At the date of this report, the directors are not aware of any circumstances:

1. Which would require the writing off of bad debts or the making of allowance for doubtful debts ;

2. Which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

3. Which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

1. any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

2. any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The directors state that at the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors,

1. 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 natur e; and

2. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the year in which this report is made.

AUDITORS

Messrs. STYL Associates having been appointed the auditors of the Company in succession to ***Messrs. Chong and Co.***, offer themselves for re-appointment. A resolution for the re-appointment of ***Messrs. STYL Associates*** as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board in accordance with a resolution of the Directors dated 28 April 2014

Anne Kung Soo Ching

Dato' Ngu Sing Hieng

Kuching, Sarawak.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Ngu Sing Hieng and Anne Kung Soo Ching, being two of the directors of **INSTACOM GROUP BERHAD**, state that in the opinion of the directors, the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company, together with the notes thereto, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2013 and of the results of their business, changes in equity and cash flows for the year ended on that date.

The information set out in Note 34 to the Financial Statements have been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants.

On behalf of the Board in accordance with a resolution of the Directors dated 28 April 2014

Anne Kung Soo Ching

Dato' Ngu Sing Hieng

Kuching, Sarawak.

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Anne Kung Soo Ching, being the director primarily responsible for the financial management of **INSTACOM GROUP BERHAD**, do solemnly and sincerely declare that the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company, together with notes thereto 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 Declaration Act, 1960.

Anne Kung Soo Ching

Subscribed and solemnly declared by the abovenamed at Kuching , Sarawak on 28 April 2014 , before me.

Tang King Hung (No.Q019)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF INSTACOM GROUP BERHAD (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of INSTACOM GROUP BERHAD, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 76.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 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 registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanation required by us for those purposes.

c) Our audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The information set out in Note 34 to the Financial Statements have been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedure to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Loss in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBER OF INSTACOM GROUP BERHAD (Incorporated in Malaysia)

OTHER MATTERS

This report is made 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.

The financial statements for the period 1 July 2012 to 31 December 2012 were audited by another firm of auditors and have expressed an unmodified opinion on those statements on 29 April 2013.

STYL Associates
AF 1929
Chartered Accountants

SI CHAY BENG
1200/08/14 (J)
Partner

Kuala Lumpur

Date: 28 April 2014

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		The Group		The Company	
	Note	2013	2012	2013	2012
		RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	29,147,833	29,021,912	16,490,910	16,486,415
Intangible assets	5	643,773	701,406	643,773	701,406
Investment in subsidiary companies	6	-	-	102,000,000	102,000,000
Goodwill on consolidation	7	75,776,024	75,776,024	-	-
Finance receivables	8	15,973,515	28,526,541	-	-
Development expenditure	9	6,912,586	2,419,758	4,492,828	-
Total Non-Current Assets		128,453,731	136,445,641	123,627,511	119,187,821
Current Assets					
Inventories	10	28,097,021	37,428,042	24,990,773	26,205,985
Finance receivables	8	19,518,021	10,696,072	-	-
Trade receivables	11	31,396,454	21,259,146	4,582,873	2,604,354
Other receivables, deposits and prepaid expenses	12	6,152,467	11,118,028	432,174	20,842
Amount owing by subsidiary companies	13	-	-	8,039,578	-
Other investments	14	7,120,910	16,483,336	-	-
Tax recoverable		1,061,151	-	-	-
Fixed deposits with a licensed bank	15	12,057,411	10,223,976	-	-
Cash and cash equivalents	16	3,542,614	9,605,677	2,203,389	674,238
Total Current Assets		108,946,049	116,814,277	40,248,787	29,505,419
Total Assets		237,399,780	253,259,918	163,876,298	148,693,240

The Accompanying Notes Form An Integral Part Of The Financial Statements

STATEMENTS OF FINANCIAL POSITION (cont'd)

AS AT 31 DECEMBER 2013

	Note	The Group 2013 RM	The Group 2012 RM	The Company 2013 RM	The Company 2012 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Shares capital	17	70,225,426	70,225,426	70,225,426	70,225,426
Shares premium	18	60,863,614	60,863,614	60,863,614	60,863,614
Retained profit/ (Accumulated loss)	19	32,702,585	6,827,271	29,915,290	(625,925)
Total Equity		163,791,625	137,916,311	161,004,330	130,463,115
Non-Current Liabilities					
Term loans	21	8,356,468	9,940,552	-	-
Medium term note	21	-	10,000,000	-	-
Hire purchase payables	22	4,674,133	5,544,274	-	-
Deferred tax liabilities	23	-	580,921	-	-
Total Non-Current Liabilities		13,030,601	26,065,747	-	-
Current Liabilities					
Trade payables	24	7,956,040	14,742,412	2,589,744	340,641
Other payables and accrued expenses	25	3,789,409	1,336,427	282,224	179,521
Amount owing to subsidiary companies	13	-	-	-	17,709,963
Amount owing to director	26	3,732	46,829	-	-
Bankers' acceptance	21	4,512,000	6,395,260	-	-
Revolving credit	21	29,975,196	40,962,815	-	-
Medium term note	21	10,000,000	21,000,000	-	-
Term loans	21	1,948,367	1,683,640	-	-
Hire purchase payables	22	2,389,210	2,207,511	-	-
Current tax liabilities		-	697,833	-	-
Bank overdraft	21	3,600	205,133	-	-
Total Current Liabilities		60,577,554	89,277,860	2,871,968	18,230,125
Total Liabilities		73,608,155	115,343,607	2,871,968	18,230,125
Total Equity and Liabilities		237,399,780	253,259,918	163,876,298	148,693,240

The Accompanying Notes Form An Integral Part Of The Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013 **(With comparative figures for the period 1 July 2012 to 31 December 2012)**

	Note	The Group		The Company	
		2013 (12 months) RM	2012 (6 months) RM	2013 (12 months) RM	2012 (6 months) RM
Revenue		120,433,847	25,564,660	109,468,086	12,283,850
Less: Direct cost		(76,501,162)	(12,844,615)	(69,701,309)	(9,755,825)
Gross profit		43,932,685	12,720,045	39,766,777	2,528,025
Other operating income		877,645	6,790,124	455,031	228,414
Administrative expenses		(2,485,838)	(6,657,383)	(832,152)	(1,248,288)
Staff cost	27	(9,870,262)	(1,837,068)	(8,124,025)	(1,118,989)
Distribution cost		(306,852)	(1,302,391)	(166,358)	(952,283)
Other operating expenses		(493,494)	(254,351)	(204,651)	(101,799)
Profit / (Loss) from operations		31,653,884	9,458,976	30,894,622	(664,920)
Finance costs	28	(6,122,202)	(1,802,998)	(4,472)	-
Profit / (Loss) before tax	28	25,531,682	7,655,978	30,890,150	(664,920)
Income tax credit/ (expense)	29	692,567	(867,702)	-	-
Profit/(Loss) for the year		26,224,249	6,788,276	30,890,150	(664,920)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		26,224,249	6,788,276	30,890,150	(664,920)
Earnings / (Loss) per share (sen)	30	3.73	1.79		

The Accompanying Notes Form An Integral Part Of The Financial Statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013 **(With comparative figures for the period 1 July 2012 to 31 December 2012)**

The Group	Share capital	Share premium	Treasury shares	Retained profit/ (Accumulated loss)	Total
	RM	RM	RM	RM	RM
Balance as at 1 July 2012	43,819,600	51,103,405	(5,160,144)	(76,346,767)	13,416,094
Total comprehensive income for the period	-	-	-	6,788,276	6,788,276
Cancellation of treasury shares	(3,557,260)	(5,160,144)	5,160,144	3,557,260	-
Capital reduction	(36,236,106)	-	-	36,236,106	-
Bonus issue	6,039,351	(6,039,351)	-	-	-
Private placement	9,159,838	9,159,838	-	-	18,319,676
Acquisition of subsidiary companies	51,000,000	48,392,219	-	-	99,392,219
Warrants conversion	3	43	-	-	46
Share premium reduction	-	(36,592,396)	-	36,592,396	-
Balance as at 31 December 2012	70,225,426	60,863,614	-	6,827,271	137,916,311
Expenditure for warrants issued	-	-	-	(348,935)	(348,935)
Total comprehensive income for the year	-	-	-	26,224,249	26,224,249
Balance as at 31 December 2013	70,225,426	60,863,614	-	32,702,585	163,791,625

The Company	Share capital	Share premium	Treasury shares	Retained profit/ (Accumulated loss)	Total
	RM	RM	RM	RM	RM
Balance as at 1 July 2012	43,819,600	51,103,405	(5,160,144)	(76,346,767)	13,416,094
Total comprehensive income for the period	-	-	-	(664,920)	(664,920)
Cancellation of treasury shares	(3,557,260)	(5,160,144)	5,160,144	3,557,260	-
Capital reduction	(36,236,106)	-	-	36,236,106	-
Bonus issue	6,039,351	(6,039,351)	-	-	-
Private placement	9,159,838	9,159,838	-	-	18,319,676
Acquisition of subsidiary companies	51,000,000	48,392,219	-	-	99,392,219
Warrants conversion	3	43	-	-	46
Share premium reduction	-	(36,592,396)	-	36,592,396	-
Balance as at 31 December 2012	70,225,426	60,863,614	-	(625,925)	130,463,115
Expenditure for warrants issued	-	-	-	(348,935)	(348,935)
Total comprehensive income for the year	-	-	-	30,890,150	30,890,150
Balance as at 31 December 2013	70,225,426	60,863,614	-	29,915,290	161,004,330

The Accompanying Notes Form An Integral Part Of The Financial Statements

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013 **(With comparative figures for the period 1 July 2012 to 31 December 2012)**

	The Group		The Company	
	2013	2012	2013	2012
	(12 months)	(6 months)	(12 months)	(6 months)
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profits / (Loss) before tax	25,531,682	7,655,978	30,890,150	(664,920)
Adjustments for :				
Amortisation for intellectual property rights	27,152	28,750	27,152	28,750
Amortisation for software license	30,481	28,125	30,481	28,125
Depreciation of property, plant and equipment	2,312,532	547,388	110,063	77,420
Allowance for doubtful debts	-	900,000	-	900,000
Allowance for impairment on intangible assets	-	701,407	-	701,407
Gain on disposal of property, plant and equipment	(136,726)	(27,547)	-	-
Property, plant and equipment written off	-	1,045	-	-
Finance costs	6,122,202	1,802,998	4,472	-
Interest income	(982,098)	(987,460)	-	-
Investment income				
-current year	(374,276)	(338,937)	-	-
-overprovision in prior year	1,453,337	-	-	-
Operating profit before working capital changes	33,984,286	10,311,747	31,062,318	1,070,782
Changes in working capital				
Development expenditure	(4,492,828)	(2,419,758)	(4,492,828)	-
Inventories	9,331,021	(29,066,011)	1,215,212	(26,205,985)
Receivables	(5,184,385)	10,899,122	(2,389,851)	(943,793)
Payables	(4,320,752)	2,697,033	2,351,806	354,767
Subsidiary companies	-	-	(25,749,541)	17,709,963
Directors	(43,097)	46,829	-	-
Cash generated from /(used in) operations	29,274,245	(7,531,038)	1,997,116	(8,014,266)
Interest paid	(3,579,549)	(1,576,086)	(4,472)	-
Interest received	76,825	136,978	-	-
Tax refund	260,000	6,875	-	-
Tax paid	(1,907,338)	(1,517,357)	-	-
Net cash from/(used in) operating activities	24,124,183	(10,480,628)	1,992,644	(8,014,266)

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2013 **(With comparative figures for the period 1 July 2012 to 31 December 2012)**

	The Group		The Company	
	2013	2012	2013	2012
	(12 months)	(6 months)	(12 months)	(6 months)
	RM	RM	RM	RM
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(602,647)	(6,883,018)	(114,558)	(8,000,000)
Proceeds from disposal of property, plant and equipment	324,120	2,529	-	-
Addition/(Disposal) of investment by asset management company	7,909,091	(6,296,005)	-	-
Withdrawal/ (placement) of fixed deposit with licensed banks	(1,833,434)	15,780,770	-	-
Investment income	374,276	338,937	-	-
Interest received	905,272	987,460	-	-
Cash and cash equivalents acquired (Note 6)	-	2,465,971	-	-
Net cash from / (used in) investing activities	7,076,678	6,396,644	(114,558)	(8,000,000)
CASH FLOW FROM FINANCING ACTIVITIES				
Term loans drawdown	420,000	6,214,910	-	-
Repayment of term loans	(1,739,356)	(3,529,816)	-	-
Net (repayment)/ drawdown of banking facilities	(12,870,880)	1,641,273	-	-
Repayment to hire purchase payables	(3,170,560)	(1,507,992)	-	-
Finance receivables	3,731,078	(795,439)	-	-
Repayment of medium term note	(21,000,000)	(5,000,000)	-	-
Expenditure for issuance of warrants	(348,935)	-	(348,935)	-
Proceeds from the issuance of shares	-	15,711,941	-	15,711,941
Interest paid (finance)	(2,083,738)	(226,912)	-	-
Net cash from / (used in) financing activities	(37,062,391)	12,507,965	(348,935)	15,711,941

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2013 **(With comparative figures for the period 1 July 2012 to 31 December 2012)**

	The Group		The Company	
	2013	2012	2013	2012
	(12 months)	(6 months)	(12 months)	(6 months)
	RM	RM	RM	RM
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,861,530)	8,423,981	1,529,151	(302,325)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	9,400,544	976,563	674,238	976,563
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,539,014	9,400,544	2,203,389	674,238
Represented by :				
Cash in hand	33,568	36,984	-	-
Cash at banks	3,509,046	1,530,762	2,203,389	664,531
Short term fund	-	9,707	-	9,707
Fixed deposits with a licensed bank	-	8,028,224	-	-
Bank overdraft	(3,600)	(205,133)	-	-
	3,539,014	9,400,544	2,203,389	674,238

Note:

i. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,625,847 (2012: RM39,398,681) of which RM2,023,200 (2012: RM4,977,332) was acquired under hire purchase arrangement and RM Nil (2012: RM19,538,331 arose from acquisition of subsidiaries and RM8,000,000 acquired freehold land and building from a subsidiary company). Cash payments by the Group for the acquisition of property, plant and equipment amounted to RM602,647 (2012: RM6,883,018).

ii. During the financial year ended 31 December 2012, the Company have acquired a freehold land and building from a subsidiary company with cost of RM8,000,000 and have transferred assets for sales amounting to RM8,415,967 for own used .

The Accompanying Notes Form An Integral Part Of The Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")

The registered office and principal place of business is located at No. 21 and 22, 2nd and 3rd Floor, Stutong Commercial Centre, Jalan Stutong, 93350 Kuching, Sarawak.

The principal activities of the Company is in the provision of e-business software application development, software integration and related services, sales of related products as well as in telecommunication engineering and services.

The principal activities of its subsidiary companies are disclosed in Note 6 to the Financial Statements.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issuance by the Board of Directors in accordance with a resolution of the directors dated 28 April 2014.

2) BASIS OF PREPARATION

a) Statement of Compliance

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

Adoption of Standards, Amendments and Issue Committee ("IC") Interpretations

At the beginning of the current financial year, the Group and the Company adopted the new and revised MFRSs which are mandatory for financial period beginning on or after 1 January 2013.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous period, except as follow:

MFRS 3	Business Combination
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First - time adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle	

The adoption of the above Standards and Interpretations did not have any impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2) BASIS OF PREPARATION (CONT'D)

a) Statement of Compliance (cont'd)

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the following new and revised Standards and amendments were in issue but not yet effective. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

		Effective for annual period beginning on or after
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 201	Property Development Activities	1 January 2014
Amendments to MFRS 2	Share-based Payment	1 July 2014
Amendments to MFRS 3	Business Combinations	1 July 2014
Amendments to MFRS 8	Operating Segments	1 July 2014
Amendments to MFRS 13	Fair Value Measurement	1 July 2014
Amendments to MFRS 116	Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution	1 July 2014
Amendments to MFRS 124	Related Party Disclosures	1 July 2014
Amendments to MFRS 138	Intangible Assets	1 July 2014
Amendments to MFRS 140	Investment Property	1 July 2014
MFRS 9	Financial Instruments	1 January 2015

The directors expect that the adoption of the above Standards and Interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. MFRS 9 was issued in November 2009 and October 2010. It replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristic for the instrument. For financial liabilities, the Standards retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

b) Significant Accounting Judgements and Estimates

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2) BASIS OF PREPARATION (CONT'D)

b) Significant Accounting Judgements and Estimates (cont'd)

Estimates and underlying assumption are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amount recognised in the financial statements other than as follows:

i) Capitalisation of development expenditure

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible assets arising from development and training of new skill sets for the implementation and carrying out of works for Outside Plant (OSP), which is included in the statements of financial position.

The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the directors to reconsider their assumptions regarding future market share and anticipated margins on these projects. Detailed sensitivity analysis has been carried out and the directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

ii) Impairment of goodwill on consolidation

The Group determines whether the intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

iii) Impairment on 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.

iv) Estimated impairment of property, plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented by the Group and the Company, unless otherwise stated in the notes to the financial statements.

a) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost. The cost 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 Company and the cost of the item can be measured reliably.

Subsequent cost are include in assets' carrying amount or recognised as a separate assets, as appropriate, only when they are probable that future economic benefit associated with the items will flow to the Group and the Company and the cost of the items can be measured reliably. The carrying amounts of the replaced part are derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Property, Plant and Equipment and Depreciation (cont'd)

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(c).

Property, plant and equipment are depreciated on the straight line basis to written off the cost of the assets to their residual values over their estimated useful lives as follows:

Freehold land and factory	2%
Leasehold land and building	55 years
Motor vehicles, plant and machinery and factory equipment	10 -20%
Computers	15%
Base stations	15 years
Network operation centres	15 years
All other plant and equipment	10%-33%

The lease term of the leasehold land and building will expire on 22 July 2064. Base stations and networks operations centres have not been depreciated yet.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised is profit or loss.

b) Intangible Asset

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the Company and the cost of the assets can be measured reliably.

Cost associated with internally generated intangible assets arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:

i) the technical feasibility of completing the intangible assets so that it will be available for use or sale;

ii) the intention to complete the intangible asset and thereafter use it or sell it;

iii) the ability to either use or sell the intangible asset;

iv) how the intangible asset will generate probable future economic benefits;

v) the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset; and

vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Impairment

i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flow of the assets. Losses expected as a result of future events which cannot be reasonably estimated, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in the profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income is reclassified from equity and recognised to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debts instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

ii) Non-Financial Assets

The carrying amount of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Financial Instruments

Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when and only when, the Group and the Company become party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risk of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

i) Financial Assets At Fair Value Through Profit Or Loss

Fair value through profit or loss categories comprises financial asset that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

ii) Held-To-Maturity Instrument

Held-to-Maturity investments category comprises debt instrument that are quoted in an active market and where the Group and the Company have the positive intention and ability to hold to maturity. Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

iii) Loans And Receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market and trade and other receivables. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

iv) Available-For-Sale Financial Assets

Available-for-sale financial assets category comprises investment in equity and debt securities instruments that are not held for trading.

Investment in equity instruments that do not have quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair value with the gain or loss recognised in the other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On de-recognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Financial Instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risk and rewards of the assets. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid , including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

e) Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the financial position date, based on work performed as certified by architects. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers. Revenue is recognised based on the contract cost certified plus a certain percentage of mark up.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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 as an allowance for foreseeable loss.

f) Share Capital and Share Issuance Expense

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

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

g) Provision for Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, cash at banks and short term deposits with licensed financial institutions which can be readily converted to cash and have insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents include short term investment and are presented net of bank overdrafts.

i) Income Tax

Tax expense is the aggregate amount include in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax and deferred tax are charge or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charge directly to other comprehensive income or equity.

Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j) Revenue and Income Recognition

i) Construction and service contracts

Revenue from providing telecommunication engineering works is recognised when the work has been completed.

ii) Revenue from service

Revenue from services rendered is recognised on accruals basis when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Revenue and Income Recognition (cont'd)

iii) Revenue from maintenance contract

Revenue on maintenance contract is recognised on accrual basis when the services are rendered.

iv) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the assets.

v) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

k) Employee Benefits

i) Shorts Term Benefits

Wages, salaries, bonuses and social security contribution, paid annual leave, paid sick leave, and non-monetary benefits are recognised as expenses in the financial period when the employee have rendered their services to the Group and the Company.

Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

ii) Defined Contribution Plans

The Group's and the Company's contributions to defined contribution plans are recognised as expense in the financial period in which the employees render their services.

l) Foreign Currencies

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company 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 foreign currencies are translated at the rate of exchanges ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on diposal of the foreign operation.

Exchange difference arising on the translation of a 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Earnings Per Ordinary Shares

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and shares options granted to employees.

n) Operating Segments

An operating segment is a component of the Group and of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transaction with any of the Group's and the Company's other components. An operating segment's operating result are reviewed regularly by the Chief Executive Officer of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

o) Hire Purchase and Finance Lease Payables

Hire purchase and leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownerships, are transferred to the Group and the Company.

The Group and the Company initially recognise finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the leases. Any initial direct costs are added to the amount recognised as an assets

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss unless they are attributable to qualifying assets, in which case they are capitalised in accordance with the accounting policy for borrowing costs. Contingent rents are charged as an expense in profit or loss in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group and the Company will obtain ownerships by the end of the lease term, the leased assets are depreciated over the shorter of the lease terms and their useful lives.

p) Borrowing Costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they are directly attributable to the acquisition of the assets. 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 borrowing 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 borrowing of fund.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overhead, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First-in First-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and cost to be incurred in marketing, selling and distribution.

Net realisable value is estimated based on the most reliable evidence available at the time the estimates are made as to what the inventories are expected to realise upon completion of the cycle.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Warrants

The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

s) Related Party

Related parties are bodies incorporated and non-incorporated where the Company and/ or directors have substantial financial interest and the directors are involved or having substantial influence in the management of the companies' affairs. Related parties also include related companies by virtue of Section 6(c) of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4) PROPERTY, PLANT AND EQUIPMENT

The Group 2013	Balance as at 1 January 2013 RM	Additions RM	Disposals RM	Balance as at 31 December 2013 RM
Cost				
Computers, telecommunication and electronic equipment	6,393,261	527,373	(47,999)	6,872,635
Machineries and tools	2,276,250	22,602	(907)	2,297,945
Motor vehicles	12,881,384	1,893,659	(785,238)	13,989,805
Office equipment, furniture fittings and signboard	1,162,223	31,316	(14,592)	1,178,947
Renovation	563,133	85,097	-	648,230
Staff quarters	24,605	-	-	24,605
Leasehold land and building	2,045,122	-	-	2,045,122
Freehold land and factory	8,000,000	65,800	-	8,065,800
Base stations and network operation centres	8,415,967	-	-	8,415,967
	41,761,945	2,625,847	(848,736)	43,539,056

	Balance as at 1 January 2013 RM	Charge for the year RM	Disposals RM	Balance as at 31 December 2013 RM
Accumulated depreciation				
Computers, telecommunication and electronic equipment	4,088,206	478,241	(46,753)	4,519,694
Machineries and tools	1,105,621	347,411	(900)	1,452,132
Motor vehicles	5,680,950	1,217,836	(606,128)	6,292,658
Office equipment, furniture fittings and signboard	516,319	112,562	(7,561)	621,320
Renovation	252,486	64,220	-	316,706
Staff quarters	3,076	2,461	-	5,537
Leasehold land and building	145,035	37,221	-	182,256
Freehold land and factory	13,000	52,580	-	65,580
Base stations and network operation centres	-	-	-	-
	11,804,693	2,312,532	(661,342)	13,455,883

	Balance as at 1 January 2013 RM	Amortisation for the year RM	Disposals RM	Balance as at 31 December 2013 RM
Accumulated amortisation				
Computers, telecommunication and electronic equipment	935,340	-	-	935,340

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2012	Balance as at 1 July 2012 RM	Acquisition of subsidiary companies RM	Additions RM	Disposals RM	Balance as at 31 December 2012 RM
Cost					
Computers, telecommunication and electronic equipment	2,092,348	3,715,478	585,435	-	6,393,261
Machineries and tools	-	2,284,228	-	(7,978)	2,276,250
Motor vehicles	350,000	9,775,162	2,800,948	(44,726)	12,881,384
Office equipment, furniture, fittings and signboard	87,956	1,148,197	-	(73,930)	1,162,223
Renovation	17,593	603,539	-	(57,999)	563,133
Staff quarters	-	24,605	-	-	24,605
Leasehold land and building	-	1,987,122	58,000	-	2,045,122
Freehold land and factory	-	-	8,000,000	-	8,000,000
Base stations and network operation centres	-	-	8,415,967	-	8,415,967
	2,547,897	19,538,331	19,860,350	(184,633)	41,761,945

	Balance as at 1 July 2012 RM	Acquisition of subsidiary companies RM	Charge for the period RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated Depreciation					
Computers, telecommunication and electronic equipment	1,038,730	2,835,911	213,565	-	4,088,206
Machineries and tools	-	1,020,409	87,768	(2,556)	1,105,621
Motor vehicles	350,000	5,166,626	207,427	(43,103)	5,680,950
Office equipment, furniture, fittings and signboard	72,620	514,021	-	(70,322)	516,319
Renovation	3,339	277,073	15,708	(43,634)	252,486
Staff quarters	-	2,461	615	-	3,076
Leasehold land and building	-	135,730	9,305	-	145,035
Freehold land and factory	-	-	13,000	-	13,000
Base stations and network operation centres	-	-	-	-	-
	1,464,689	9,952,231	547,388	(159,615)	11,804,693

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Balance as at 1 July 2012 RM	Acquisition of subsidiary companies RM	Amortisation for the period RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated amortisation					
Computers, telecommunication and electronic equipment	935,340	-	-	-	935,340

	2013 RM	2012 RM
Carrying amount		
Computers, telecommunication and electronic equipment	1,417,601	1,369,715
Machineries and tools	845,813	1,170,629
Motor vehicles	7,697,147	7,200,434
Office equipment, furniture, fittings and signboard	557,627	645,904
Renovation	331,524	310,647
Staff quarters	19,068	21,529
Leasehold land and building	1,862,866	1,900,087
Freehold land and factory	8,000,220	7,987,000
Base stations and network operation centres	8,415,967	8,415,967
	29,147,833	29,021,912

Freehold land, leasehold land and building were pledged to the banks for banking facilities as disclosed in Note 21.

Property, plant and equipment with carrying amount RM6,167,381 (2012: RM7,860,483) were acquired under hire purchase schemes and with cost of RM 2,450,200 (2012: RM4,977,332) were acquired during the year.

Property, plant and equipment at cost of RM6,165,020 (2012: RM5,608,829) had been fully depreciated but were still in use at end of the financial year/period.

The Company 2013	Balance as at 1 January 2013 RM	Additions RM	Disposals RM	Balance as at 31 December 2013 RM
Cost				
Base stations and network operation centres	8,415,967	-	-	8,415,967
Computers and software	2,092,348	2,427	-	2,094,775
Freehold land and factory	8,000,000	65,800	-	8,065,800
Furniture and fitting	41,786	10,590	-	52,376
Motor vehicle	350,000	-	-	350,000
Office equipment	46,170	33,441	-	79,611
Renovation	17,593	-	-	17,593
Machinery	-	2,300		2,300
	18,963,864	114,558	-	19,078,422

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Balance as at 1 January 2013 RM	Charge for the year RM	Disposals RM	Balance as at 31 December 2013 RM
Accumulated depreciation				
Base stations and network operation centres	-	-	-	-
Computers and software	1,099,941	46,790	-	1,146,731
Freehold land and factory	13,000	52,580	-	65,580
Furniture and fitting	38,969	1,440	-	40,409
Motor vehicle	350,000	-	-	350,000
Office equipment	35,101	5,388	-	40,489
Renovation	5,098	3,520	-	8,618
Machinery	-	345	-	345
	1,542,109	110,063	-	1,652,172

	Balance as at 1 July 2012 RM	Amortisation for the year RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated amortisation				
Computers and software	935,340	-	-	935,340

The Company 2012	Balance as at 1 July 2012 RM	Additions RM	Disposals RM	Balance as at 31 December 2012 RM
Cost				
Base stations and network operation centres	-	8,415,967	-	8,415,967
Computers and software	2,092,348	-	-	2,092,348
Freehold land and factory	-	8,000,000	-	8,000,000
Furniture and fittings	41,786	-	-	41,786
Motor vehicles	350,000	-	-	350,000
Office equipment	46,170	-	-	46,170
Renovation	17,593	-	-	17,593
	2,547,897	16,415,967	-	18,963,864

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Balance as at 1 July 2012 RM	Charge for the period RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated depreciation				
Base stations and network operation centres	-	-	-	-
Computers and software	1,038,730	61,211	-	1,099,941
Freehold land and factory	-	13,000	-	13,000
Furniture and fittings	38,581	388	-	38,969
Motor vehicles	350,000	-	-	350,000
Office equipment	34,039	1,062	-	35,101
Renovation	3,339	1,759	-	5,098
	1,464,689	77,420	-	1,542,109

The Company	Balance as at 1 July 2012 RM	Amortisation for the period RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated impairment				
Computers and software	935,340	-	-	935,340

	2013 RM	2012 RM
Carrying amount		
Base stations and network operation centres	8,415,967	8,415,967
Computers and software	12,704	57,067
Freehold land and factory	8,000,220	7,987,000
Furniture and fittings	11,967	2,817
Motor vehicles	-	-
Office equipment	39,122	11,069
Renovation	8,975	12,495
Machinery	1,955	-
	16,490,910	16,486,415

Freehold land and factory were pledged to the banks for banking facilities as disclosed in Note 21.

Property, plant and equipment at cost of RM1,526,495 (2012: RM1,243,358) had been fully depreciated but were still in use at end of the financial year/period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5) INTANGIBLES ASSETS

The Group and the Company 2013	Balance as at 1 January 2013 RM	Additions RM	Disposals RM	Balance as at 31 December 2013 RM
Cost				
Software licences	4,500,000	-	-	4,500,000
Intellectual property rights	4,000,000	-	-	4,000,000
	8,500,000	-	-	8,500,000

	Balance as at 1 January 2013 RM	Amortisation for the year RM	Disposals RM	Balance as at 31 December 2013 RM
Accumulated amortisation				
Software licences	632,813	30,481	-	663,294
Intellectual property rights	1,829,374	27,152	-	1,856,526
	2,462,187	57,633	-	2,519,820

	Balance as at 1 January 2013 RM	Impairment for the year RM	Disposals RM	Balance as at 31 December 2013 RM
Accumulated impairment				
Software licences	3,410,156	-	-	3,410,156
Intellectual property rights	1,926,251	-	-	1,926,251
	5,336,407	-	-	5,336,407

2012	Balance as at 1 July 2012 RM	Additions RM	Disposals RM	Balance as at 31 December 2012 RM
Cost				
Software licences	4,500,000	-	-	4,500,000
Intellectual property rights	4,000,000	-	-	4,000,000
	8,500,000	-	-	8,500,000

The Group and the Company	Balance as at 1 July 2012 RM	Amortisation for the period RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated amortisation				
Software licences	604,688	28,125	-	632,813
Intellectual property rights	1,800,624	28,750	-	1,829,374
	2,405,312	56,875	-	2,462,187

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5) INTANGIBLES ASSETS (CONT'D)

	Balance as at 1 July 2012 RM	Impairment for the period RM	Disposals RM	Balance as at 31 December 2012 RM
Accumulated impairment				
Software licences	2,953,125	457,031	-	3,410,156
Intellectual property rights	1,681,875	244,376	-	1,926,251
	4,635,000	701,407	-	5,336,407

	2013 RM	2012 RM
Carrying amount		
Software licences	426,550	457,031
Intellectual property rights	217,223	244,375
	643,773	701,406

Pursuant to the restructuring of the Company's business operations, the management has assessed that the expected future economic benefits to be derived from intangible assets are no longer fully recoverable and has impaired the assets value to an approximate recoverable amounts.

The software licences consist of a perpetual and exclusive software licensing rights to use and integrate the acquire software into the Company's products and to reproduce, market, sell, distribute and sub-licence the software to third parties and end-users.

The intellectual property rights ("IPR") were acquired from a Director on a willing buyer, willing seller arrangement. Pursuant to the agreement, the assignor, the Director of the Company, being the proprietor of the IPR, assigns the IPR to the Company in the work, including all associated product designs, proprietary processes, human capital, customer maintenance contract, development rights and know how processes.

6) INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2013 RM	The Company 2012 RM
Unquoted shares - at cost	102,000,000	102,000,000

Particulars of subsidiary companies which are all incorporated in Malaysia, are as follow:

Name of company	Effective interest 2013	Effective interest 2012	Principal activities
Direct interest			
Instacom Engineering Sdn.Bhd.	100	100	- Telecommunication engineering and services
Indirect interest			
Instacom SPV Sdn. Bhd. *1	100	100	- Incorporated as the funding vehicle for the purpose of issuance of Islamic Medium Term Notes in accordance to the Syariah Principle of Muradabahah
Instacom Construction Sdn. Bhd *1	100	100	- Telecommunication engineering and services

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6) INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Effective interest		Principal activities
	2013	2012	
Instacom Technologies Sdn. Bhd. *1	100	100	- Trading in telecommunication, electrical and civil engineering equipment, tools and materials but has not commenced operations during the year
IE Communication Sdn. Bhd. *1	100	100	- Investment holding company
Dektaria Delima Sdn.Bhd. *2	100	100	- Investment holding company
Dynamic Interconsortium Sdn. Bhd. *2	100	100	- Dormant

*1 Held under Instacom Engineering Sdn. Bhd
*2 Held under IE Communication Sdn. Bhd.

The following subsidiary companies were acquired in 2012 by virtue of the Company's acquisition of Instacom Engineering Sdn. Bhd. for a total consideration of RM102,000,000:

	Effective interest %	Effective acquisition date
Direct interest		
Instacom Engineering Sdn.Bhd.	100%	8 October 2012
Indirect interest		
Instacom SPV Sdn. Bhd. *1	100%	8 October 2012
Instacom Construction Sdn. Bhd. *1	100%	8 October 2012
Instacom Technologies Sdn. Bhd. *1	100%	8 October 2012
IE Communication Sdn. Bhd. *1	100%	8 October 2012
Dektaria Delima Sdn.Bhd. *2	100%	8 October 2012
Dynamic Interconsortium Sdn. Bhd. *2	100%	8 October 2012

*1 Held under Instacom Engineering Sdn.Bhd.
*2 Held under IE Communication Sdn. Bhd.

The net assets acquired and the goodwill arising therefrom, are as follow:

	Carrying amount
	RM
Non-current assets	19,909,839
Current assets	115,590,980
Non-current liabilities	(45,596,797)
Current liabilities	(63,663,840)
	26,240,182
Goodwill on consolidation	75,759,818
Purchase consideration	102,000,000
Less: Purchase consideration by issuance of new ordinary shares	(102,000,000)
	-
Cash and cash equivalents acquired	2,465,971
Net cash inflow on acquisition	2,465,971

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6) INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The effect of the acquisition on the financial position as at 31 December 2012 are as follow:

	Carrying amount RM
Property, plant and equipment	12,535,497
Goodwill on consolidation	16,206
Other investment	16,483,336
Development expenditure	2,419,758
Inventories	11,222,057
Finance receivable	39,222,613
Trade receivable	18,654,792
Other receivable	11,097,186
Fixed deposit with licensed banks	10,223,976
Cash and cash equivalents	8,931,439
Trade payables	(14,401,771)
Other payables	(1,156,510)
Amount owing to directors	(46,829)
Banker's acceptance	(6,395,260)
Revolving credit	(40,962,815)
Hire purchase payables	(7,751,785)
Term loan	(11,624,192)
Medium Term Notes	(31,000,000)
Bank overdraft	(205,133)
Current liabilities	(697,833)
Deferred taxation	(580,921)
Increase in Group net assets	15,983,811

The effects of the acquisition on the financial results of Instacom Engineering Group in 2012 are as follow:

	Carrying amount RM
Income	29,918,914
Expenses	(20,690,725)
Increase in Group's net profit	9,228,189

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7) GOODWILL ON CONSOLIDATION

	The Group	
	2013	2012
	RM	RM
At cost	75,776,024	75,776,024

Goodwill on consolidation represents the excess of purchase price over the fair value of the identifiable assets and liabilities in subsidiary companies acquired and are stated at cost.

8) FINANCE RECEIVABLES

	The Group	
	2013	2012
	RM	RM
Current	19,518,021	10,696,072
Non-current	15,973,515	28,526,541
	35,491,536	39,222,613

Finance receivables have an average maturity of 7 years (2012: 7 years) and are financed by banking facilities disclosed under Note 21.

The finance receivables are all denominated in Ringgit Malaysia.

9) DEVELOPMENT EXPENDITURE

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At cost				
At beginning of the financial year/period	2,419,758	2,419,758	-	-
Addition	4,492,828	-	4,492,828	-
At the end of the financial year/period	6,912,586	2,419,758	4,492,828	-

Development expenditure includes labour cost and other related cost incurred for the development and training of new skillsets for the implementation and carrying out of works for Outside Plant (OSP) site. OSP works includes civil and cabling with in-house HDD machinery and whole complement of equipment to undertake fibre infrastructure work. The development and training have not been completed, therefore, no amortisation is provided.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10) INVENTORIES

Inventories consist of:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At cost:				
Consumable and materials	3,107,148	3,007,197	900	-
Project work in progress	24,989,873	34,420,845	24,989,873	26,205,985
	28,097,021	37,428,042	24,990,773	26,205,985

11) TRADE RECEIVABLES

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade receivables – nominal amounts	31,396,454	29,980,823	4,582,873	11,326,031
Allowance for impairment	-	(8,721,677)	-	(8,721,677)
	31,396,454	21,259,146	4,582,873	2,604,354

The Group's and the Company's normal credit term is 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The ageing analysis of the trade receivables are as follow:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Neither past due nor impaired	24,150,329	18,280,527	2,970,000	1,682,615
Past due but not impaired				
1 to 30 days	647,004	1,596,498	-	-
31 to 60 days	391,374	77,772	-	-
61 to 90 days	578,136	20,926	464,285	-
More than 120 days	5,629,611	1,283,423	1,148,588	921,739
	31,396,454	21,259,146	4,582,873	2,604,354
Impaired	-	8,721,677	-	8,721,677
	31,396,454	29,980,823	4,582,873	11,326,031

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company and there is not recent history of material default.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11) TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM7,246,125 (2012: RM 2,978,619) and RM1,612,873 (2012: RM921,739) that are past due at the reporting date but not impaired.

No impairment loss on these trade receivables has been made as in the opinion of the management these receivables are still collectible.

Movement in allowance accounts:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Balance at beginning of year/period	8,721,677	7,996,986	8,721,677	7,996,986
Less: Amount recovered during the year/period	(60,000)	(175,309)	(60,000)	(175,309)
Less: Written off	(8,661,677)	-	(8,661,677)	-
Add: Allowance for the year/period	-	900,000	-	900,000
Balance at end of the year/period	-	8,721,677	-	8,721,677

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

The trade receivables are all denominated in Ringgit Malaysia.

12) OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Other receivables	4,162,755	8,233,952	391,832	-
Deposits	450,876	414,797	40,342	20,842
Prepaid expenses	1,372,718	1,953,657	-	-
Petty cash at site	166,118	515,622	-	-
	6,152,467	11,118,028	432,174	20,842

The other receivables are all denominated in Ringgit Malaysia.

13) AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

These amounts are interest free, unsecured and are repayable on demand

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14) OTHER INVESTMENTS

	The Group	
	2013	2012
	RM	RM
At cost:		
Investment by an asset management company (fixed income securities)	7,066,000	15,030,000
Accrued investment income	54,910	1,453,336
	7,120,910	16,483,336
At market value:		
Investment by an asset management company (fixed income securities)	7,334,508	15,484,821

15) FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits of the Group have been pledged with a licensed bank as lien for bank guarantee facilities and bank overdraft facilities as disclosed in Note 21 and bear interest ranging from 2.55% to 3.29% (2012: 2.55% to 3.29%) per annum. Fixed deposits of the Group amounted to RM1,675,703 (2012: RM1,624,530) are placed under the name of two directors.

16) CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash in hand	33,568	36,984	-	-
Cash at banks	3,509,046	1,530,762	2,203,389	664,531
Short term fund - Investment in trust funds in Malaysia	-	9,707	-	9,707
Fixed deposits with licensed banks	-	8,028,224	-	-
	3,542,614	9,605,677	2,203,389	674,238

The fixed deposits bear interest at 3.06% (2012: 3.06%) per annum and are free from any encumbrance.

17) SHARES CAPITAL

The Group and the Company

	2013		2012	
	Number of ordinary shares of RM 0.10 each	RM	Number of ordinary shares of RM 0.10 each	RM
Authorised:				
At the beginning of the financial year/period	2,000,000,000	200,000,000	1,000,000,000	100,000,000
Add: Created during the financial period	-	-	1,000,000,000	100,000,000
Balance at the end of the financial year/period	2,000,000,000	200,000,000	2,000,000,000	200,000,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17) SHARES CAPITAL (CONT'D)

The Group and the Company (cont'd)

	2013		2012	
	Number of ordinary shares of RM 0.10 each	RM	Number of ordinary shares of RM 0.10 each	RM
Issued and fully paid:				
At the beginning of the financial year/period	702,254,260	70,225,426	438,196,000	43,819,600
Less: Cancellation of treasury shares	-	-	(35,572,600)	(3,557,260)
Less: Share consolidation	-	-	(362,361,060)	(36,236,106)
Add: Allotment during the financial year/period	-	-	661,991,920	66,199,192
Balance at the end of the financial year/period	702,254,260	70,225,426	702,254,260	70,225,426

On 20 July 2012, the Company's authorised share capital was increased from 1,000,000,000 ordinary shares of RM0.10 each to 2,000,000,000 ordinary shares of RM0.10 each.

The new ordinary shares issued rank pari passu in respect of the distribution of dividends and repayment of capital with the existing shares.

On 20 July 2012, in relation to the acquisition of subsidiary company, 35,572,600 treasury shares were cancelled. The par value of each of the issued ordinary shares in the capital of the Company was reduce from RM 0.10 to RM0.01 upon the completion of the treasury share cancellation. The credit arising from the said capitals reduction was utilised to reduce the accumulated losses of the Company.

After the share capital reduction, the Company completed the consolidation of 10 ordinary shares of RM 0,01 each into 1 ordinary share of RM0.10 each. The consolidation share shall upon allotment and issue, rank pari passu, in all respect with each other, save and except that they shall not be entitled to any dividends, rights, allotment and / or other distributions which are declared, made or paid prior to the date of allotment of the consideration shares.

During period 2012, the Company has issued the following ordinary shares:

Date of issue	No.of Shares Issued	Issue Price (RM)	Purposes
1 October 2012	510,000,000	0.20	Acquisition of subsidiary Companies
2 October 2012	60,393,510	-	3 for 2 Bonus Issue
3 October 2012	91,598,378	0.20	Private placement
3 October 2012	33	1.40	Exercise of Warrants

Acquisition

On 11 August 2011, the Company proposed the acquisition of 4,500,000 ordinary shares of RM1.00 of Instacom Engineering Sdn. Bhd. representing 100% equity interest for a purchase consideration of RM 102,000,000 to be satisfied entirely by the issuance of 510,000,000 ordinary shares of RM 0.10 each at an issue price of RM0.20 per ordinary share. The proposal had been completed on 8 October 2012.

Bonus issue

On 2 October 2012, the Company had completed the Bonus Issue of three (3) new consolidated shares for every two existing consolidated shares.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17) SHARES CAPITAL (CONT'D)

Private placement

On 3 October 2012, 91,598,378 ordinary shares of RM0.10 each were issued by way of placement to identified investors at an issue price of RM0.20 per share.

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.

Warrant exercise

On 3 December 2012, 33 warrants had been converted to 33 ordinary shares of RM0.10 at exercise price of RM1.40 per share.

Capital Management

The Group's objective when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return of capital, which the Group defines as result from operating activities divided by total shareholders' equity.

There were no changes in Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

18) SHARES PREMIUM

Share premium arose from the issuance of ordinary shares in excess of the par value as follow:

	The Group and The Company	
	2013	2012
	RM	RM
At the beginning of financial year/period	60,863,614	51,103,405
Less:		
- Cancellation of all existing 35,572,600 treasury shares	-	(5,160,144)
- Share premium reduction	-	(36,592,369)
- Bonus issue capitalised	-	(6,039,351)
	60,863,614	3,311,541
Add: Issuance of shares		
- Issuance of 510,000,000 ordinary shares of RM0.10 at an issue price of RM0.20 per share for the acquisition of subsidiary companies	-	51,000,000
- Private placement of 91,598,378 ordinary shares of RM0.10 at an issue price of RM0.20 per share	-	9,159,838
- Conversion of 33 warrants at exercise price of RM1.40 per share	-	43
	60,863,614	63,471,422
Less: Listing expenses	-	(2,607,808)
Balance at end of financial year/period	60,863,614	60,863,614

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 63(3) of the Company Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19) RETAINED PROFIT

There is no restriction to the distribution of retained profit to the shareholders under the single tier tax system.

20) WARRANTS 2013/2018

On 2 September 2013, a total of 351,127,130 free Warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each held on 30 August 2013. The Warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 9 September 2013.

Each Warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.33 and at any time during the exercise period up to the date of expiry on 8 September 2018. Any Warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of Warrants.

As at the end of the financial year, the entire allotted Warrants remained unexercised.

On 10 December 2007, the Company issued 73,032,667 warrants in conjunction with Rights Issue exercise during the financial year 2008.

The warrants are constituted under the Deed Poll dated 29 October 2007 and each warrant is convertible into one ordinary shares of RM0.10 each at an exercise price of RM0.35 per ordinary share. The warrants had expired on 7 December 2012.

During period 2012, the exercise price of the warrants was adjusted to RM1.40 in accordance with the provisions of the Deed Poll pursuant to the share consolidation and bonus issue.

21) BANKING FACILITIES AND BORROWINGS

	The Group	
	2013	2012
	RM	RM
Bankers' acceptance	4,512,000	6,395,260
Revolving credits	29,975,196	40,962,815
Term loans	10,304,835	11,624,192
Medium Term Notes (Borrowing)	10,000,000	31,000,000
Bank overdraft	3,600	205,133
	54,795,631	90,187,400

The banking facilities and borrowings are all denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21) BANKING FACILITIES AND BORROWINGS (CONT'D)

The Group has been granted the following banking facilities:

	Facilities amount granted		Effective interest rate (per annum)	
	2013	2012	2013	2012
	RM	RM	%	%
Revolving credit, overdraft and trade facilities				
Banking facilities 1	1,500,000	1,300,000	BLR +2	BLR +2
Banking facilities 2	2,000,000	1,500,000	1.5	1.5
Banking facilities 3	1,500,000	1,500,000	1.25 to1.5	1.25 to 1.5
Banking facilities 4	8,500,000	9,500,000	1.5	1.5
Banking facilities 5	5,300,000	3,800,000	4.6 to 8.1	4.6 to 8.1
Banking facilities 6	400,000	700,000	5 to 5.06	5 to 5.06
Banking facilities 7	60,000,000	45,000,000	1.75 to 7	1.75 to 7
Term loans				
Banking facilities 8	1,500,000	1,500,000	BLR - 1	BLR -1
Banking facilities 9	2,000,000	2,000,000	BLR -2	BLR -2
Banking facilities 10	10,000,000	10,000,000	4.3	3.7
Banking facilities 11	20,000,000	20,000,000	4.3	3.7
Banking facilities 12	200,000,000	200,000,000	5.2 to 7	5.2 to 7

Bank's base lending rate (BLR) at the end of the financial year is at 6.60% (2012: 6.60%) .

Banking facilities 7, 10, 11 and 12 are to finance those projects under finance receivables.

Banking facilities are generally secured by way of

i. pledged of fixed deposit and investment account of the Company and subsidiary companies ;

ii. pledged of freehold land, leasehold land and building of the Company and subsidiary companies;

iii. an irrevocable letter of instruction to credit all contract payment due from a customer and owing to certain subsidiary companies to a non-operating account;

iv. open all monies Debenture fixed and floating charge over all present and future assets and undertakings of certain subsidiary companies;

v. assignments of contract proceeds from the respective projects to the financial institution

vi. an irrevocable and unconditional letter of undertaking from certain subsidiary companies to assign proceeds from any future contracts to be financed by the banking facilities;

vii. irrevocable letter of undertaking by the subsidiary companies to supplement any shortfall in cash flow or cost overruns incurred in respect of the project;

viii. assignment over the designated account;

ix. charge over the collection account and operating account; and

x. joint and several guarantee by the directors

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21) BANKING FACILITIES AND BORROWINGS (CONT'D)

Term Loan

Banking facilities 8 is repayable by 120 monthly instalments of RM15,582 each.

Banking facilities 9 is repayable by 240 monthly instalments of RM12,439 each.

Banking facilities 10 and 11 have a tenor of 72 months from the date of the drawdown of each tranche under the facilities. The actual monthly payment will be determined by the bank. The effective profit rate is at the bank's 6-month Islamic Effective Cost of Fund at the end of the financial year is 4.3% (2012: 3.7%) per annum.

Term loans are payable as follow:

	The Group	
	2013	2012
	RM	RM
Payable within 1 year (current liability)	1,948,367	1,683,640
Non-current liabilities		
Payable between 2 and 5 years	6,607,886	7,943,268
Payable after 5 years	1,748,582	1,997,284
	8,356,468	9,940,552
	10,304,835	11,624,192

Banking facilities 12

The banking facilities 12 represent the Murabahah Medium Term Notes ("MMTN") facility up to an aggregate nominal amount of RM200 millions (2012: RM200 millions) issued under the Islamic Principle of Murabahah to a licensed bank, the primary subscriber.

A total of 27 tranches (2012: 27 tranches) of the MMTN totalling RM155 million (2012 : RM 155 million) were issued. The MMTN has a tenor not exceeding 10 years from the date of initial issuance and bear profit at rates ranging from 5.2% to 7.0% (2012: 5.2% to 7.0%) per annum.

	The Group	
	2013	2012
	RM	RM
Payable within 1 year (current liability)	10,000,000	21,000,000
Non-current liability	-	10,000,000
	10,000,000	31,000,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22) HIRE PURCHASE PAYABLES

	The Group	
	2013	2012
	RM	RM
Payable within 1 year	2,716,830	2,593,653
Payable between 2 and 5 years	4,984,463	6,011,529
Payable after 5 years	6,408	6,406
	7,707,701	8,611,588
Less: Future interest charges	(644,358)	(859,803)
	7,063,343	7,751,785
Current liability		
- Payable within 1 year	2,389,210	2,207,511
Non-current liability		
- Payable between 2 and 5 years	4,667,981	5,538,122
- Payable after 5 years	6,152	6,152
	4,674,133	5,544,274
	7,063,343	7,751,785

The effective interest rates of the Group were from 4.33% to 7.54% (2012: 4.33% to 7.54%) per annum respectively on monthly rest.

23) DEFERRED TAX LIABILITY

	The Group	
	2013	2012
	RM	RM
At the beginning of the financial year/period	580,921	-
Acquisition of subsidiary companies	-	657,700
Less: Transfer to profit or loss (Note 29)	(580,921)	(76,779)
At the end of the financial year/period	-	580,921

The recognised deferred tax liabilities are made up of temporary difference between tax capital allowances and book depreciation of property, plant and equipment.

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Unutilised tax losses and capital allowance	(7,942,106)	(14,632,611)	(6,775,626)	(14,632,611)

Deferred tax assets of the Group and of the Company are not recognised for the above temporary difference as it is not probable that future taxable profit will be available against which the deductible temporary difference and unused tax losses can be utilised by the Group and the Company as the future profit streams are unpredictable. However, the unused tax losses may be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24) TRADE PAYABLES

The trade credit terms granted to the Group and the Company ranges from 60 days to 90 days.

The trade payables are all denominated in Ringgit Malaysia.

25) OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Other payables	3,053,206	8,919	1,350	-
Accrued expenses	656,883	1,245,708	280,874	176,321
Deposits	79,320	81,800	-	3,200
	3,789,409	1,336,427	282,224	179,521

The other payables are all denominated in Ringgit Malaysia.

26) AMOUNT OWING TO DIRECTOR

This amount is interest free, unsecured and is repayable on demand.

27) STAFF COSTS

	The Group		The Company	
	2013	2012	2013	2012
	(12 months)	(6 months)	(12 months)	(6 months)
	RM	RM	RM	RM
Cost of sales:				
Salaries, allowance and bonuses	2,887,517	1,710,607	1,830,473	1,377,597
Defined contribution plans	252,330	167,087	156,562	141,685
Other benefits	43,024	24,410	28,435	20,635
Other staff related expenses	229,935	292,977	194,712	105,524
	3,412,806	2,195,081	2,210,182	1,645,441
Directors:				
Fees, salaries, allowances and bonuses	523,500	846,500	523,500	156,500
Defined contribution plans	61,620	100,800	61,620	18,000
	585,120	947,300	585,120	174,500

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27) STAFF COSTS (CONT'D)

	The Group		The Company	
	2013 (12 months) RM	2012 (6 months) RM	2013 (12 months) RM	2012 (6 months) RM
Staff:				
Salaries, allowance and bonuses	8,024,371	742,995	6,547,377	851,431
Defined contribution plans	1,077,138	98,814	825,633	105,299
Other benefits	97,494	14,988	81,531	9,231
Other staff related expenses	86,139	32,971	84,364	(21,472)
	9,285,142	889,768	7,538,905	944,489
Total operating staff cost	9,870,262	1,837,068	8,124,025	1,118,989
Total staff cost	13,283,068	4,032,149	10,334,207	2,764,430

28) PROFIT/(LOSS) BEFORE TAX

The following items have been charged / (credited) in arriving at net profit / (loss) before tax:

	The Group		The Company	
	2013 (12 months) RM	2012 (6 months) RM	2013 (12 months) RM	2012 (6 months) RM
Allowance for doubtful debts	-	900,000	-	900,000
Allowance of impairment on intangible assets	-	701,407	-	701,407
Amortisation of intellectual property rights	27,152	28,750	27,152	28,750
Amortisation of software licences	30,481	28,125	30,481	28,125
Audit fee	173,500	185,300	55,000	54,000
Bad debts recovered	(60,000)	(175,310)	(60,000)	(175,310)
Depreciation of property, plant and equipment	2,312,532	547,388	110,063	77,420
Directors' fees	-	6,500	-	6,500
Directors' other emolument	523,500	840,000	523,500	150,000
Gain on disposal of property, plant and equipment	(136,726)	(27,547)	-	-
Finance costs:				
- Bank interest paid	5,663,287	1,691,115	4,472	-
- Hire purchase interest	458,915	111,883	-	-
Interest income	(982,098)	(987,460)	-	-
Investment income				
- current year	(374,276)	(338,937)	-	-
- overprovision in prior year	1,453,337	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28) PROFIT/(LOSS) BEFORE TAX (CONT'D)

	The Group		The Company	
	2013 (12 months) RM	2012 (6 months) RM	2013 (12 months) RM	2012 (6 months) RM
Loss on foreign exchange	4,846	5,853	-	-
Property, plant and equipment written off	-	1,045	-	-
Rental income received	(192,000)	-	(384,000)	-
Rental of machineries	561,414	243,540	291,703	243,460
Office rental	608,881	53,284	249,355	14,484

29) INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2013 (12 months) RM	2012 (6 months) RM	2013 (12 months) RM	2012 (6 months) RM
Provision for current year/period tax	19,207	901,722	-	-
Under / (Over) provision in prior year/period	(130,853)	42,759	-	-
Transfer from deferred taxation account (Note 23)	(580,921)	(76,779)	-	-
	(692,567)	867,702	-	-

The numerical reconciliation between the income tax expense/(credit) and the product of accounting profit / (loss) multiplied by the applicable statutory tax rates are as follows:

	The Group		The Company	
	2013 (12 months) RM	2012 (6 months) RM	2013 (12 months) RM	2012 (6 months) RM
Profit/ (loss) before tax	25,531,682	7,655,978	30,890,150	(664,920)
Tax at applicable rate of 25%	6,382,921	1,913,994	7,722,538	(166,230)
Add/ (Less):				
Expenses not deductible for tax purpose	1,606,374	2,334,274	142,608	474,927
Income not taxable	(784,182)	(2,362,762)	-	-
Benefit of tax losses	(7,185,906)	(641,157)	(7,865,146)	(308,697)
Effect on acquisition of subsidiary companies	-	(426,861)	-	-
Under/ (Over) provision in prior year/period	(130,853)	42,759	-	-
Deferred tax (credit)/ expenses	(580,921)	7,455	-	-
Income tax expense/ (credit) for the financial year/period	(692,567)	867,702	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29) INCOME TAX EXPENSE/(CREDIT) (CONT'D)

The Company was granted pioneer status by Multimedia Development Corporation Sdn. Bhd. under the provision of the Promotion of Investment (Amendment) Act, 1997. By virtue of this pioneer status, the Company's statutory income from pioneer activities during the pioneer status period from 16 December 2002 to 15 December 2012 is exempted from income tax. Dividends declared out of such profit are also exempted from income tax in the hand of the shareholders. This computation is subject to the agreement by the Inland Revenue Board. The pioneer status has expired at the end of the previous financial period.

The unabsorbed tax losses and capital allowance of the Group and of the Company carried forward to later year amounted to RM27,102,505 (2012: RM58,530,443). This computation is subject to the agreement by the Inland Revenue Board.

30) EARNINGS PER SHARE

a) Basic earnings per share

Earnings per share is calculated by dividing the profit for the year/period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	The Group	
	2013 (12 months) RM	2012 (6 months) RM
Profit for the year/period	26,224,249	6,788,276
Weighted average number of ordinary shares in issue for the financial year/period	702,254,260	378,568,000
Earnings per share (sen)	3.73	1.79

b) Diluted earnings per share

The diluted earnings per ordinary share is calculated by taking the exercise of warrants into account. Since the conversion of warrants (conversion price per-determined at RM 0.33) into ordinary share is anti-dilutive, the calculation for diluted earnings per ordinary share is not applicable.

31) RELATED COMPANY DISCLOSURE

a) For the purpose of the financial statements, the Group and the Company have related party relationships with:

i) Its subsidiary companies as disclosed in Note 6 to the financial statements; and

ii) The directors who are the key management personnel.

b) In additional to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year/period.

	The Company	
	2013 (12 months) RM	2012 (6 months) RM
Revenue from subsidiary companies	54,290,076	10,076,396

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32) SEGMENTAL INFORMATION

Business segments

The Group is operating in the following operation segments:

a) Information and Communication Technology ("ICT")

Provisions of e-business software application development, software integration and related services and sale of related products.

b) Telecommunication Equipment Installation ("TI")

i) Radio Frequency Design

ii) Drive-test, Post Processing, Analysis and Optimization of Coverage

iii) End to end Infrastructure Build (Including Site Acquisition, Technical Site Survey ("TSS"), Local Council/ Authority Liaison/ Tower and Cabin Work)

iv) Equipment Installation, Commissioning and Integration and upgrading 2G to 3G/4G/LTE

v) Managed Services Operations and Maintenance

vi) Fixed Network Solutions (Including Outside Plant, Open Trenching and Horizontal Directional Drilling ("HDD") for optical fibre installation)

c) Civil, mechanical and electrical works ("CME")

i) End to end Infrastructure Build (Including Site Acquisition, Technical Site Survey ("TSS"), Local Council/ Authority Liaison/ Tower and Cabin Work)

ii) Managed Services Operations and Maintenance

iii) Fixed Network Solutions (Including Outside Plant, Open Trenching and Horizontal Directional Drilling ("HDD") for optical fibre installation)

vi) Fabrication of Steel Structures and Materials

d) Turnkey build and finance ("TBF")

i) End to end Infrastructure Build (Including Site Acquisition, Technical Site Survey ("TSS"), Local Council/ Authority Liaison/ Tower and Cabin Work)

ii) Managed Services Operations and Maintenance

iii) Fixed Network Solutions (Including Outside Plant, Open Trenching and Horizontal Directional Drilling ("HDD") for optical fibre installation)

iv) Fabrication of Steel Structures and Materials

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32) SEGMENTAL INFORMATION (CONT'D)

Business segments (Cont'd)

d) Turnkey build and finance ("TBF") (Cont'd)

2013

	ICT RM	TI RM	CME RM	TBF RM	Total RM
Revenue	2,452,316	17,223,497	75,212,848	25,545,186	120,433,847
Direct cost	(331,596)	(14,641,258)	(46,223,308)	(15,305,000)	(76,501,162)
	2,120,720	2,582,239	28,989,540	10,240,186	43,932,685
Profit before tax					25,531,682
Income tax credit					692,567
Total comprehensive income					26,224,249

Other information

	ICT RM	TI RM	CME RM	TBF RM	Total RM
Segment assets	3,987,902	14,010,371	75,745,374	15,202,402	108,946,049
Segment liabilities	(237 ,235)	(11,259,701)	(35,554,175)	(13,526,443)	(60,577,554)

2012

	ICT RM	TI RM	CME RM	TBF RM	Total RM
Revenue	2,207,455	1,884,439	6,594,334	14,878,432	25,564,660
Direct cost	(1,454,424)	(738,329)	(4,834,119)	(5,817,743)	(12,844,615)
	753,031	1,146,110	1,760,215	9,060,689	12,720,045
Profit before tax					7,655,978
Income tax expense					(867,702)
Total comprehensive income					6,788,276

Other information

	ICT RM	TI RM	CME RM	TBF RM	Total RM
Segment assets	3,298,434	16,477,054	57,680,867	39,357,922	116,814,277
Segment liabilities	(206,162)	(7,741,565)	(50,676,955)	(30,653,178)	(89,277,860)

Geographical Segments

The segmental information by the geographical location is not shown as the operations of the Group is predominantly in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33) FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial assets

Loans and receivables at amortised cost

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Finance receivables	35,491,536	39,495,613	-	-
Trade receivables	31,396,454	21,259,146	4,582,873	2,604,354
Other receivables and deposits	6,152,467	9,164,371	432,174	20,842
Cash and cash equivalents	3,542,614	9,605,677	2,203,389	674,238
	76,583,071	79,524,807	7,218,436	3,299,434

Held to maturity

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Fixed deposit with licensed bank	12,057,411	10,233,976	-	-
Other investment	7,120,910	16,483,336	-	-
	19,178,321	26,717,312	-	-

Financial liabilities

Other financial liabilities at amortised cost

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade payables	7,956,040	14,742,412	2,589,744	340,641
Other payables and accrued expenses	3,789,409	1,336,427	336,223	179,521
Amount owing to subsidiary company	-	-	-	17,709,963
Amount owing to directors	3,732	46,829	-	-
Bankers' acceptance	4,512,000	6,395,260	-	-
Revolving credits	29,975,196	40,962,815	-	-
Term loans	10,304,835	11,624,192	-	-
Medium Term Notes	10,000,000	31,000,000	-	-
Hire purchase payables	7,063,343	7,751,785	-	-
Bank overdraft	3,600	205,133	-	-
	73,608,155	114,064,853	2,925,967	18,230,125

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33) FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, and market 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 these risks.

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.

i) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should counterparty default on its obligations. The Group's and the Company's exposure to credit risk represented by the carrying amount of each class of financial assets recognised in the statements of financial position

Receivables

The management has a credit policy in place and the exposure to credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high creditworthiness and those with long established history. Trade receivables are monitored on an on-going basis via regular Group's and the Company's reporting procedures.

During the financial year, certain trade receivables of the Group and the Company have exceeded its normal trade credit terms but the Group and the Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from values that will eventually be received.

As at the end of reporting period, the maximum exposure to credit risk arising from receivables are represented by the carrying amounts shown in the statements of financial position as disclosed in Note 8, Note 11 and Note 12.

Management has taken reasonable steps to ensure that receivables that are not impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables.

Inter-company balances

The Group and the Company provide unsecured loans and advances to its holding company and subsidiary companies. The Company monitors the results of its subsidiary companies regularly.

As at 31 December 2013, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Management had taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 31 December 2013, there was no indication that loans and advances extended to the subsidiary companies are not recoverable

Financial guarantees

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayment made by the subsidiary companies.

The maximum exposure to credit risk amounts to RM42,678,029 (2012: RM55,187,400) representing the outstanding banking facilities of the subsidiary companies as at end of the reporting period.

At 31 December 2013, there was no indication that any subsidiary company would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the probability of the subsidiary companies defaulting on its banking facilities is remote.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33) FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

i) Credit Risk (cont'd)

Fixed deposits with licensed banks and cash and cash equivalents

Fixed deposits with licensed banks and cash and cash equivalents are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

ii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group and the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirement.

All financial liabilities of the Group that will be due and payable within the next 12 months are classified within current liabilities. The contractual cash flows of hire purchase payables and term loans are presented below:

2013

	Hire purchase payables RM	Term loans RM	Total RM
Within 1 year	2,389,210	1,948,367	4,337,577
Between 2 and 5 years	4,667,981	6,607,886	11,275,867
After 5 years	6,152	1,748,582	1,754,734
Total contractual undiscounted cash flow	7,063,343	10,304,835	17,368,178
Total carrying amount	7,063,343	10,304,835	17,368,178

2012

	Hire purchase payables RM	Term loans RM	Total RM
Within 1 year	2,207,511	1,683,640	3,891,151
Between 2 and 5 years	5,538,122	7,943,268	13,481,390
After 5 years	6,152	1,997,284	2,003,436
Total contractual undiscounted cash flow	7,751,785	11,624,192	19,375,977
Total carrying amount	7,751,785	11,624,192	19,375,977

iii) Market risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's and the Company's financial position and cash flows.

Currency risk

The Group and the Company have potential currency risk exposure arising from trade transactions entered with companies where the amounts are denominated in currencies other than Ringgit Malaysia. Exposure to foreign currency risk is monitored on an on-going basis and where considered necessary, the Group and the Company may consider using financial instruments to hedge its foreign currency risk. The Group and the Company is not significantly exposed to currency risk.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33) FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

iii) Market risk (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risks relates primarily to the Group's and the Company's fixed deposits with licensed banks and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrow principally on a floating rate basis and ensure that interest risk rates obtained are competitive.

The interest rate profile of the Group's significant interest-bearing financial instrument had been presented in Note 14, 15, 16 and 21.

iv) Fair value of financial instruments

The carrying amount of financial assets and liabilities classified within current assets and current liabilities respectively proximately their fair values due to the relatively short term nature of these financial instruments.

The fair value of quoted investment is estimated based on their quoted market prices as at the end of the reporting year/period.

The carrying amount of the non-current portion of hire purchase payables and term loans are reasonable approximation of its fair value due to the insignificant impact of discounting.

34) SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT AND LOSSES

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 are as follow:

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total retained profit / (accumulated loss)				
-Realised	56,269,838	40,638,086	29,915,290	(625,925)
-Unrealised deferred taxation	-	(580,921)	-	-
	56,269,838	40,057,165	29,915,290	(625,925)
Less: Consolidation adjustment	(23,567,253)	(33,229,894)	-	-
	32,702,585	6,827,271	29,915,290	(625,925)

35) CHANGE OF FINANCIAL YEAR END

In 2012, the Company changed its financial year end from 30th June to 31st December. Accordingly, the comparative figures as shown in the financial statements are for the period 1st July 2012 to 31st December 2012 or a period of 6 months.

ANALYSIS OF SHAREHOLDINGS

SHAREHOLDING STRUCTURE AS AT 25 APRIL 2013

Share Capital

Authorised Share Capital	RM200,000,000
Issued and fully paid-up capital	RM70,225,426
Class of shares	Ordinary Shares of RM0.10 each
Voting Rights	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 5 MAY 2014

	No. of holders	%	No. of shares	%
Less than 100	176	1.83	5,856	0.00
100 - 1,000	565	5.88	334,542	0.05
1,001 - 10,000	3,764	39.20	20,645,053	2.94
10,001 - 100,000	4,375	45.57	169,738,411	24.17
100,001 and below 5%	717	7.47	245,670,950	34.98
5% and above	4	0.04	265,859,449	37.86
TOTAL	9,601	100.00	702,254,261	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 5 MAY 2014

Name	Direct Interest	%	Deemed Interest	%
Anne Kung Soo Ching	102,000,000	14.52	-	-
Chan Chuck Yan	70,225,500	10.00	-	-
Ngu Sing Hieng	46,817,000	6.67	-	-
Wong Say Khim	46,816,949	6.67	-	-

DIRECTORS' SHAREHOLDING AS AT 5 MAY 2014

Name	Direct Interest	%	Deemed Interest	%
Anne Kung Soo Ching	102,000,000	14.52	-	-
Ngu Sing Hieng	46,817,000	6.67	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

ANALYSIS OF SHAREHOLDINGS (cont'd)

LIST OF 30 LARGEST SHAREHOLDERS AS AT 5 MAY 2014

NO.	NAME	NO. OF SHARES	%
1	ANNE KUNG SOO CHING	77,000,000	11.0%
2	CHAN CHUCK YAN	70,225,500	10.0%
3	NGU SING HIENG	46,817,000	6.7%
4	WONG SAY KHIM	46,816,949	6.7%
5	AIBB NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN TECK PIOW*	27,600,000	3.9%
6	ANNE KUNG SOO CHING	25,000,000	3.6%
7	TAN SOOK HENG	3,399,900	0.5%
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : OON POH CHOO*	3,000,000	0.4%
9	OH TEIK CHYE	2,662,000	0.4%
10	OH TEIK CHYE	2,478,000	0.4%
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YEO HUAT HING (MARGIN)*	2,435,900	0.3%
12	LEOW HONG YEN	2,000,000	0.3%
13	HDM NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOKE HOOK BENG (M03)*	1,900,000	0.3%
14	KENANGA NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NGU KEE LENG*	1,860,000	0.3%
15	LOH WOK SENG @ LOH WAK SENG	1,500,000	0.2%
16	LOW SAY SIM	1,500,000	0.2%
17	SJ SEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MICHAEL LEE FOOK SOON (SMT)*	1,500,000	0.2%
18	TAN HAI KHOON	1,500,000	0.2%
19	LOW SOO HA @ LOW CHEEN CHONG	1,300,000	0.2%
20	LAU HAU KUAK	1,200,000	0.2%
21	LOH PIT KONG	1,200,000	0.2%
22	LOW LOONG KUAN	1,200,000	0.2%
23	TIO SIEIN LENG	1,200,000	0.2%
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE SIOW SHAN*	1,143,700	0.2%
25	CHIN KA WONG	1,086,150	0.2%
26	NG MOON SEONG	1,061,200	0.2%
27	FOO YING PENG	1,030,000	0.1%
28	AFFIN NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIEW SAN WAI*	1,019,000	0.1%
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN CHENG CHAI (8057802)*	1,000,000	0.1%
30	JONELLE HUANG YIH YUN	1,000,000	0.1%

ANALYSIS OF WARRANTHOLDINGS

WARRANTHOLDING STRUCTURE AS AT 5 MAY 2014

Type of Securities	Warrants 2013/2018
Voting Rights	One vote per warrant in respect of a meeting of warrant holders

DISTRIBUTION OF WARRANTHOLDINGS AS AT 5 MAY 2014

	No. of holders	%	No. of Warrants	%
Less than 100	258	3.97%	7,409	0.00%
100 - 1,000	1,150	17.71%	598,855	0.17%
1,001 - 10,000	2,632	40.52%	10,997,922	3.13%
10,001 - 100,000	1,905	29.33%	82,220,333	23.42%
100,001 and below 5%	549	8.45%	231,008,261	65.79%
5% and above	1	0.02%	26,294,350	7.49%
TOTAL	6,495	100.00%	351,127,130	100.00%

DIRECTORS' WARRANTHOLDING AS AT 5 MAY 2014

Name	Direct Interest	%	Deemed Interest	%
Anne Kung Soo Ching	-	-	-	-
Ngu Sing Hieng	-	-	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

ANALYSIS OF WARRANTHOLDINGS (cont'd)

LIST OF 30 LARGEST WARRANTHOLDERS A AS AT 5 MAY 2014

NO.	NAME	NO. OF WARRANTS	%
1	SHER KHAN BIN KHAN MOHAMAD	26,294,350	7.49%
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SHER KHAN BIN KHAN MOHAMAD (CEB)*	15,600,000	4.44%
3	AIBB NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN TECK PIOW*	13,800,000	3.93%
4	NG MOON SEONG	5,388,300	1.53%
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NOR AZIZY BINTI ABDUL AZIZ (CEB)*	4,796,700	1.37%
6	HLB NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN CHENG CHAI*	4,000,000	1.14%
7	KENANGA NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN*	3,000,000	0.85%
8	ZAINAL ARIFFIN BIN OSMAN	3,000,000	0.85%
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHUAH SWEE HUAT (E-KLC)*	2,305,000	0.66%
10	MAS FADZILLAH KHAN BIN ALI	2,030,000	0.58%
11	LIM EE LID	2,008,500	0.57%
12	KENANGA NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR OON POH CHOO*	1,947,000	0.55%
13	HELEN POON	1,920,000	0.55%
14	AFFIN NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIEW SAN WAI*	1,809,500	0.52%
15	AFFIN NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHANG LIP NGIN*	1,800,000	0.51%
16	ZAMAN KHAN BIN MEERA KHAN	1,600,000	0.46%
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR OON POH CHOO (CEB)*	1,500,000	0.43%
18	TAN HAI KHOON	1,500,000	0.43%
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAP CHEN FUI (JDB TGGAL-CL)*	1,395,000	0.40%
20	NUR SABRINA BINTI SAHARUDDIN	1,376,700	0.39%
21	SIVABALAN A/L MUTHUSAMY	1,375,000	0.39%
22	KOW HONG CHONG	1,330,000	0.38%
23	LING SIK KAI	1,250,000	0.36%
24	AMSEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR AIK YUN KIM @ YEK YUE KIEW*	1,200,000	0.34%
25	LIM KIAN TEE	1,200,000	0.34%
26	LIM YONG TENG	1,100,450	0.31%
27	WONG AH YONG	1,100,200	0.31%
28	AMBANK (M) BERHAD *BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG (SMART)*	1,100,000	0.31%
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : CIMB BANK FOR TEE CHIN TECK (MM1107)*	1,100,000	0.31%
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD *BENEFICIARY : CIMB BANK FOR WONG AH YONG (MY1278)*	1,100,000	0.31%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be held at Gunung Gading, Level 4, Tower A, 360 Urban Resort Hock Lee Center, Hock Lee Centre, Hotel Towers, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Friday, 20 June 2014 at 3.30 p.m. to transact the following business :

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM66,000 for the financial year ended 31 December 2012. **Resolution 2**

3. To re-elect the Director who retires in accordance with Article 116 of the Company's Articles of Association as follows :-

   (a) Anne Kung Soo Ching **Resolution 3**
   (b) Azahar bin Rasul **Resolution 4**

4. To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolutions :

5. **Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.** **Resolution 6**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 10% of the issued capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

6. To transact any other business for which due notice shall have been given.

By Order of the Board

LAANG JHE HOW (MIA 25193)
ANNE KUNG SOO CHING (MIA 8449)
Company Secretaries

Kuala Lumpur
30 May 2014

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:-

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend, speak and vote in his stead. 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. The instrument appointing a 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 its common seal or under the hand of an officer or attorney duly authorised.

3. A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

6. Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

7. The instrument appointing a proxy or proxies must be completed and deposited at the Registered Office of the Company at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the meeting.

8. Only the members whose names appear on the Record of Depositors as at 12 June 2014 shall be entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

1. Explanatory notes on Ordinary Business :-
Ordinary Resolution 1
Audited Financial Statement for the financial year ended 31 December 2013

The item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, the Agenda will not be put forward for voting.

2. Explanatory notes on Special Business :-
Ordinary Resolution 6
Proposed authority to allot shares pursuant to Section 132D of the Companies Act, 1965.

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the 12th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the 11th AGM of the Company held on 17 June 2013 (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and / or acquisitions.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Date, Time and Venue of the 12th Annual General Meeting ("AGM")

The 12th AGM of the Company will be held as follows :-

Date : Friday, 20 June 2014

Time : 3.30 pm

Venue : Gunung Gading, Level 4, Tower A, 360 Urban Resort Hock Lee Center, Hock Lee Centre, Hotel Towers, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak

2. Directors who are standing for re-election/re-appointment at the 12th AGM

Directors standing for re-election pursuant to Article 116 of the Company's Articles of Association :-

(a) Anne Kung Soo Ching
(b) Azahar bin Rasul

3. Board Meetings held in the financial period ended 31 December 2013

Five (5) Board meetings were held during the financial year ended 31 December 2013. A record of the Directors' attendances at the Board meetings is presented in the "Statement of Corporate Governance" appearing on pages 11 to 13 of the Annual Report.

4. General Meeting Record of Depositors

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 61(b) of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, a Record of Depositors as of 12 June 2014, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

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INSTACOM

INSTACOM GROUP BERHAD (596299-D)

INSTACOM

INSTACOM GROUP BERHAD (596299-D)

PROXY FORM FOR ANNUAL GENERAL MEETING

*I/We ____ NRIC/Company no. ____________________________________

of ____

being *a member / members of INSTACOM GROUP BERHAD (596299-D), ______________________________________

do hereby appoint ____________________________________ NRIC No. /Passport No. _________________________________

of ____

or failing him/her _____________________________________ NRIC No. /Passport No. _________________________________

of ____

or failing *him /her *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 12th Annual General Meeting of the Company to be held at at Gunung Gading, Level 4, Tower A, 360 Urban Resort Hock Lee Center, Hock Lee Centre, Hotel Towers, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Friday, 20 June 2014 at 3.30 p.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon.		
2. To approve the payment of Directors' fees amounting to RM66,000 for the financial year ended 31 December 2013.		
3. To re-elect the Director, Ms Anne Kung Soo Ching, who retires in accordance with Article 116 of the Company's Articles of Association.		
4. To re-elect the Director, En. Azahar bin Rasul, who retires in accordance with Article 116 of the Company's Articles of Association.		
5. To re-appoint the Auditors of the Company and to authorize the Directors to fix their remuneration.		
6. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please mark with " X " in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

** Strike out whichever not applicable.*

Signed this ______________ day of ___________________ 2014 No. of Shares held __________________________

____
Signature(s) of Member(s)

____
Affix Company's Seal (if applicable)

Notes:-

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend, speak and vote in his stead. 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. The instrument appointing a 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 its common seal or under the hand of an officer or attorney duly authorised.
3. A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
6. Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The instrument appointing a proxy or proxies must be completed and deposited at the Registered Office of the Company at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the meeting.
8. Only the members whose names appear on the Record of Depositors as at 12 June 2014 shall be entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

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AFFIX
STAMP

THE COMPANY SECRETARY
INSTACOM GROUP BERHAD (596299-D)
No. 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

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INSTACOM GROUP BERHAD (596299-D)
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