We build for **LIFE**

ANNUAL REPORT 2014

INSTACOM

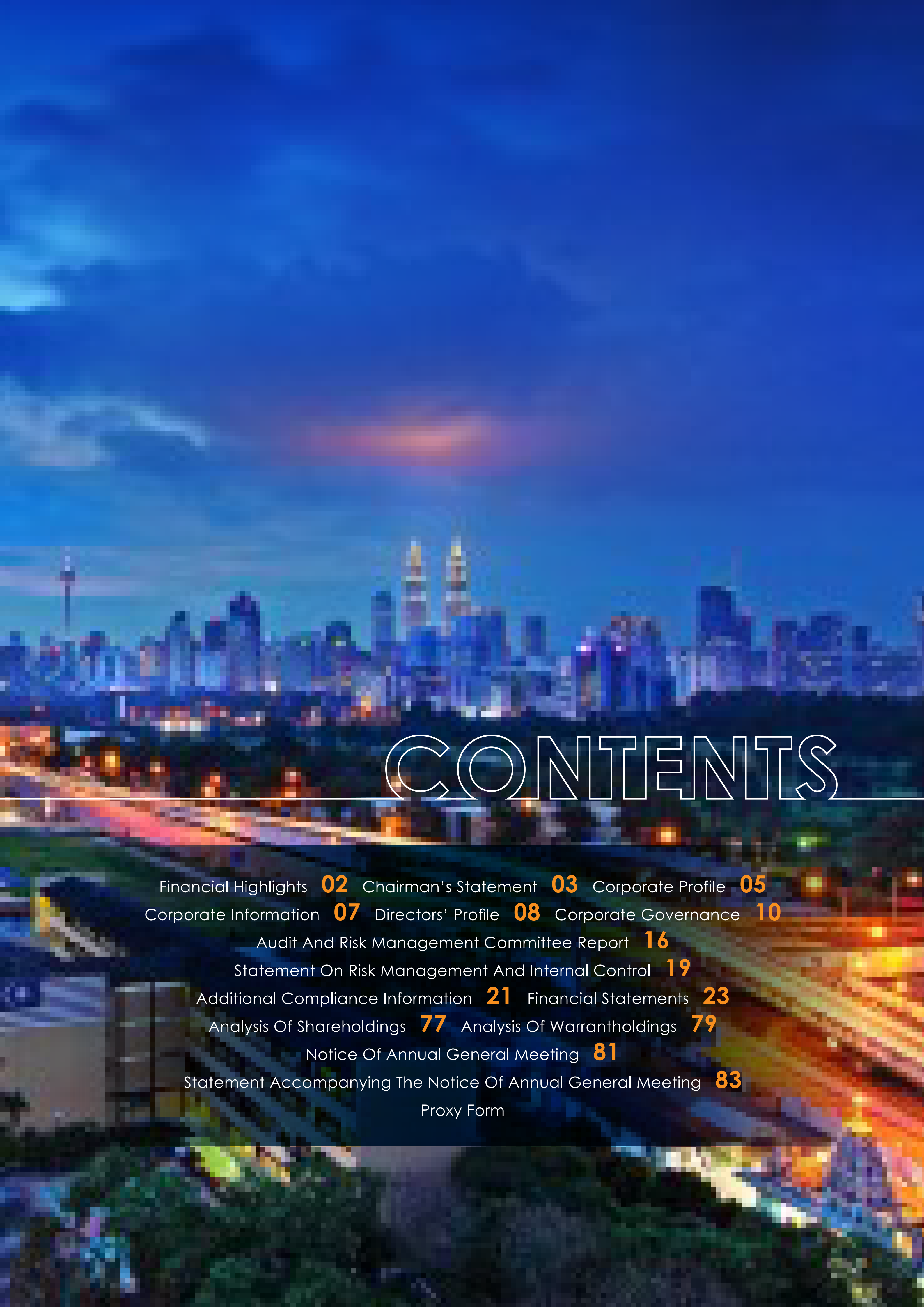
Instacom Group Berhad (596299-D) | Annual Report **2014**

Instacom Group Berhad (596299-D)

No. 21 & 22, 2nd & 3rd Floor, Stutong Commercial Centre,
Jalan Setia Raja/ Jalan Canna, 93350 Kuching, Sarawak.

Tel : 082-366 116 | Fax : 082-366 226

www.instacom.com.my



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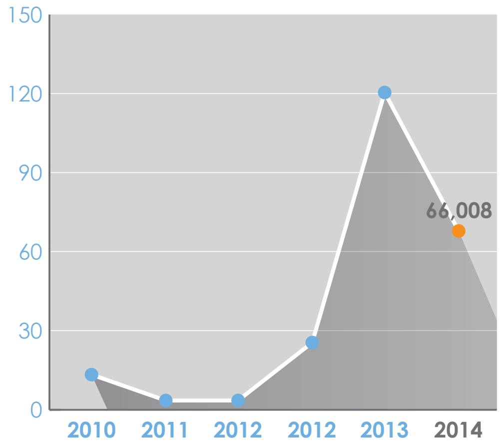
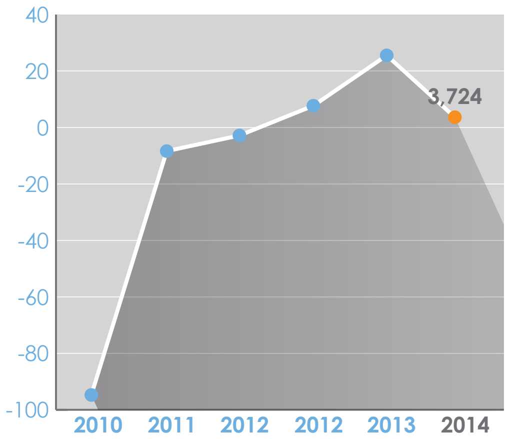
Financial Hightlights

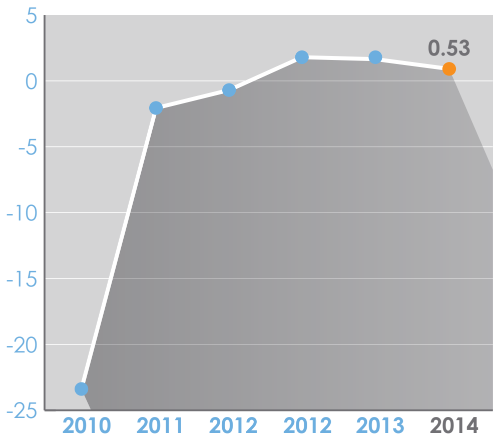
Revenue (RM'000)



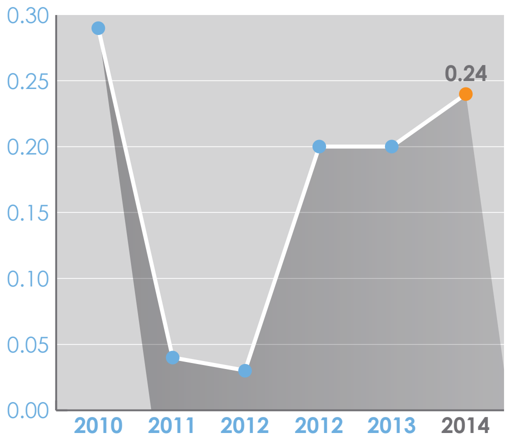
Profit before tax / (Loss before tax) (RM'000)



Basic earnings/ (loss) per share (Sen)



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



Five Years Group Financial Summary

	<------- Financial Year Ended 30 June ------->			FPE 31 Dec	<- Financial Year Ended 31 Dec ->	
	2010	2011	2012	2012	2013	2014
FINANCIAL RESULTS (RM'000)						
Revenue	13,376	3,533	3,576	25,565	120,434	**66,008**
Profit before tax / (Loss before tax)	(94,735)	(8,340)	(2,872)	7,673	25,532	**3,724**
Profit/(Loss) attributable to equity holders	(94,772)	(8,343)	(2,869)	6,788	26,224	**3,703**
KEY BALANCE SHEET DATA (RM'000)						
Total Assets	24,857	16,427	13,581	253,260	237,400	**217,982**
Total Liabilities	119	142	165	115,344	73,608	**50,487**
Net assets attributable to equity holders	24,738	16,285	13,416	137,916	163,792	**167,495**
No. of shares in issue at year end	402,623,400	402,623,400	402,623,400	702,254,261	702,254,261	**702,254,261**
SHARES INFORMATION						
Basic earnings/(loss) per share (sen)	(23.38)	(2.07)	(0.71)	1.79	3.73	**0.53**
Net assets per share attributable to equity holders (RM)	0.29	0.04	0.03	0.20	0.20	**0.24**

Chairman's Statement

Dear 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 2014.

Corporate Developments

On 30 January 2015, the Group had completed the acquisition of 35% equity in Neata Group, which comprised Aluminium (Malaysia) Sdn Bhd ("Neata") and its wholly owned subsidiary company, Vivocom Enterprise Sdn Bhd. The purchase consideration for the acquisition was RM58,800,000, which was fully satisfied by the issuance of 309,473,684 new ordinary shares of RM0.10 each in Instacom at an issue price of RM0.19 per Instacom Share.

In conjunction with the acquisition, the Group had also undertaken the following :-

a) Diversification of the existing principal activities of Instacom and its subsidiary companies to include aluminium design and fabrication business and civil engineering and construction business ("Proposed Diversification"); and

b) Bonus issue of 140,450,852 Warrants C on the basis of one (1) free Warrant C for every five (5) existing Instacom Shares held.

It is envisaged that the acquisition of Neata will give the Group a foothold in the robust and growing construction industry, and thereby helping to mitigate the softening market for telecommunication engineering services industry.

Subsequently, on 2 March 2015, the Group had proposed a Renounceable Rights Issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later. The proceeds expected to be raised from this Rights Issue would be used primarily to funds future acquisition to further grow the Group, with the balance of the proceeds to be used to repay some of the Group's borrowings and for working capital.

Financial Performance

As mentioned above, the softening market for telecommunication engineering services has impacted the Group and this was reflected in the Group's weaker performance for 2014. For FYE 31 December 2014, the Group achieved revenue of RM66.008 million, a decrease of RM54.426 million as compared to the FYE 31 December 2013. Consequently, profit before tax ("PBT") for 2014 also suffered a decrease, dropping to RM3.724 million, as compared to RM25.532 million recorded in 2013. All segments of the Group, namely CME, TI and TBF experienced decrease in revenues as demands dropped.

To mitigate this situation, the Group had taken a 2-pronged solution during the year :-

(a) to rationalize cost in view of the reduced demands – as at end of December 2014, the Group had managed to reduce the costs and expenses across the board by approximately 30%.

(b) to diversify our revenue streams – the successful acquisition of 35% stake in Neata would give the Group a strong foothold in the robust and growing construction industry, in addition to the potential synergy between Instacom and Neata. The vendors of Neata had provided a profit guarantee that the consolidated PAT of Neata Group shall be at least RM34.0 million for the two (2) FYE 31 December 2015 and 2016. This would translate into an average consolidated PAT of RM17.0 million per annum.

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

CME was the main revenue contributor for the FYE 31 December 2014, contributing 83.6% or RM55.158 million of the Group's total revenue. The decrease in demand for OSP sites and other work orders during the year had led to a decrease of RM16.28 million in revenue as compared to 2013.

Chairman's Statement (continued)

Telecommunication equipment installation segment ("TI")
TI contributed RM6.80 million to the Group's revenue, or 10.3% for the FYE 31 December 2014. The decrease in demands for TI related works had caused the revenue for this segment to decrease by RM10.43 million as compared to 2013.

Turnkey build and finance ("TBF")
TBF contributed RM4.05 million to the Group's revenue, or 6.1% for the FYE 31 December 2014. Compared to 2013, TBF's revenue decreased by RM23.98 million. Amongst the 3 segments, TBF recorded the largest decrease, mainly due to lack of new major TBF projects and roll-outs during the year.

Industry Outlook and Group Prospect

Under the Budget Speech 2015 by the Ministry of Finance Malaysia, the HSBB will continue to be implemented in areas of high economic impact, covering state capitals and selected major towns nationwide. A sum of RM2.7 billion will be spent over the next three (3) years to build 1,000 new telecommunication towers and laying of undersea cables. As introduced in the previous year's budget speech, the Prime Minister had reiterated under the Budget Speech 2015, the said commitment with the aim of bringing telecommunication coverage to many rural areas. The programme will be funded by the Universal Service Provision Funds administered by the Malaysian Communication and Multimedia Commission ("MCMC").

Instacom had participated in the tender exercises for the above roll-outs and is currently waiting for the results of the tender. If successful, Instacom can expect work orders for up to 300 towers amounting to approximately RM300 million. We anticipates the results of the tender exercises to be released by mid 2015, with construction expected to commence soon after the awarding of the tenders. Notwithstanding the weak results for 2014 and barring any unforeseen circumstances, the Board remains optimistic on the prospects of the telecommunication engineering services business to Instacom Group.

Apart from expanding the Group's business organically via the internal growth of its existing businesses, the Group's future plans also includes expanding inorganically, via mergers and acquisitions of businesses or investments which may generate positive returns in the future, thereby further increasing Instacom's shareholders' value.

With the completion of the acquisition of Neata in January 2015 and the subsequent diversification of the Group's business into the aluminium design and fabrication business and civil engineering and construction business, the Group is provided with another stream of income, thus diversifying the earnings base while providing a cushioning effect on the earnings of Instacom current's revenue segments and reducing the Group's reliance on only 1 particular industry.

Barring any unforeseen circumstances, after having considered all the relevant aspects, the Board is optimistic that the Group is able to continue to improve its financial performance for the FYE 31 December 2015 as well as deliver greater value to the shareholders of the Company.

Acknowledgement and Appreciation

On behalf of the Board, I would like take this opportunity to thank Dato' Ngu Sing Hieng, our Executive Director, who had stepped down from the board. We wish him all the best in his future endeavor.

I would also like to thank all of our customers, business associates, vendors, bankers and other various stakeholders for their continued assistance and support. Our heartfelt gratitude also goes out to our staff for their tireless efforts, loyalty, dedication and commitment to the Group. Last but not least, to my fellow colleagues on the Board for their warm welcome, wise counsel and strong support.

AR. Lim Tong Hock
Chairman
Instacom Group Berhad

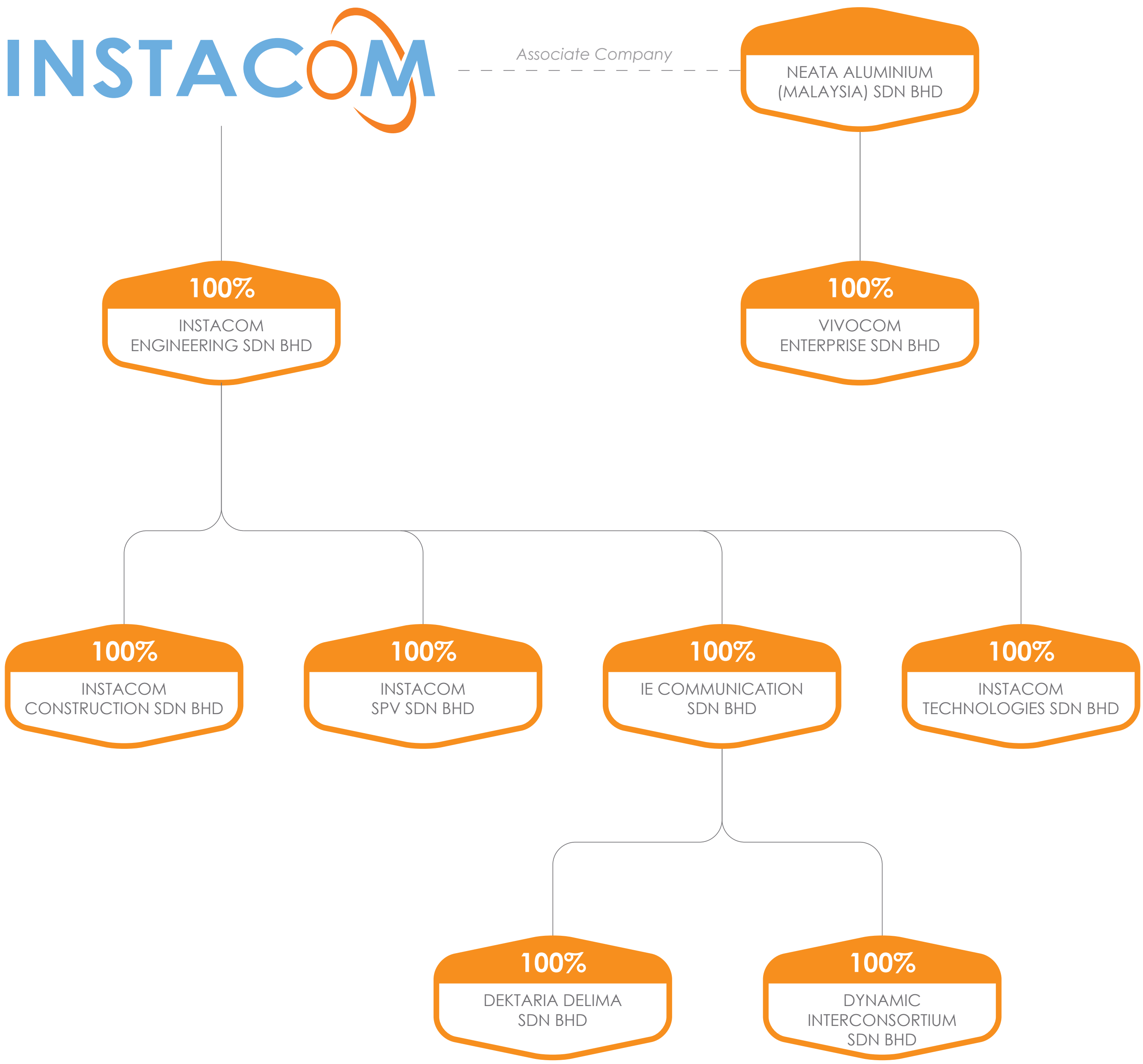
Corporate Profile

The 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.

On 30 January 2015, the Group had completed the acquisition of 35% equity in Neata Group, which comprised Aluminium (Malaysia) Sdn Bhd ("Neata") and its wholly owned subsidiary company, Vivocom Enterprise Sdn Bhd. The acquisition would give Instacom Group a strong foothold in the robust and growing construction industry.

Group Structure



Corporate Profile (continued)

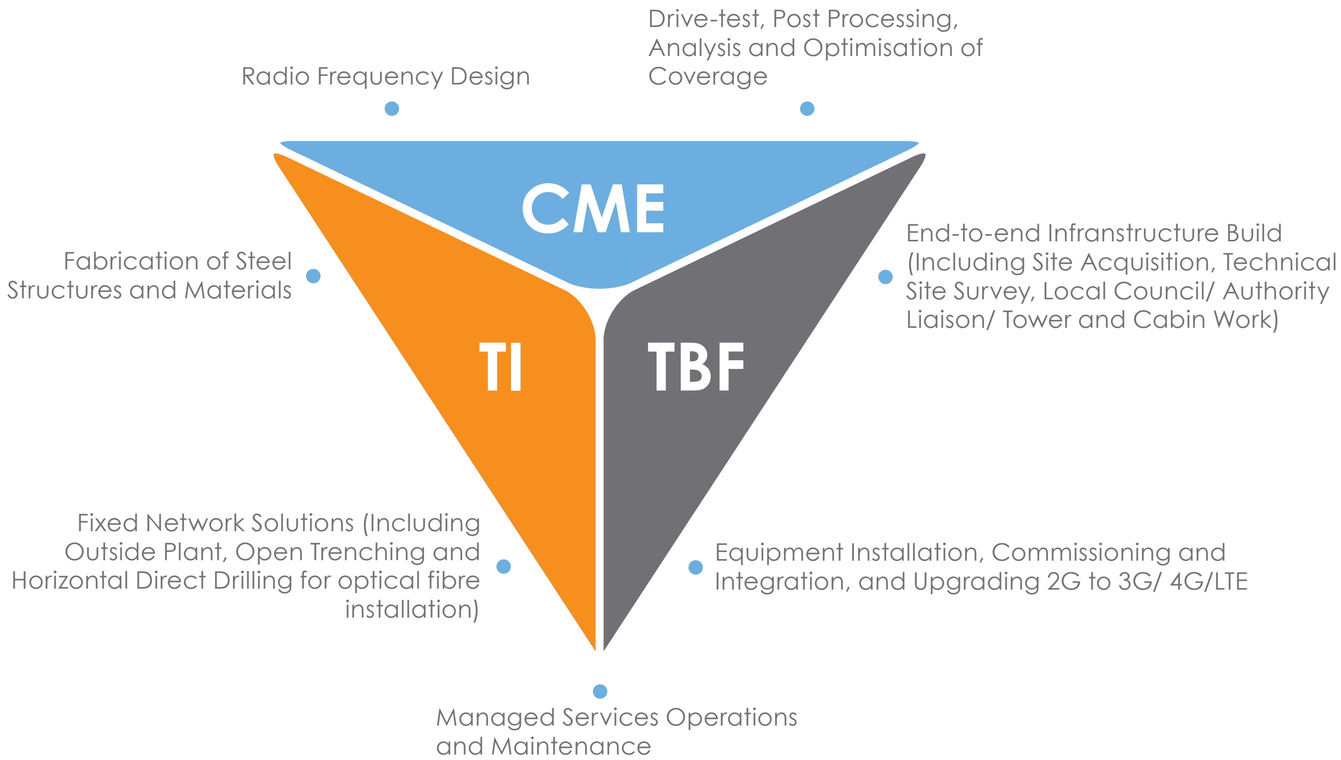
Our Products & Services

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

Ar. Lim Tong Hock
(Chairman, Independent Non-Executive Director)

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

Choo Seng Choon
(Executive Director)

Azahar bin Rasul
(Senior Independent Non-Executive Director)

Tay Mun Kit
(Independent Non-Executive Director)

Audit And Risk Management Committee

Tay Mun Kit *(Chairman)*
Ar. Lim Tong Hock
Azahar bin Rasul

Nomination Committee

Tay Mun Kit *(Chairman)*
Ar. Lim Tong Hock
Azahar bin Rasul

Remuneration Committee

Tay Mun Kit *(Chairman)*
Ar. Lim Tong Hock
Azahar bin Rasul

Auditors

STYL Associates (AF 1929)
Chartered Accountants
902, 9th Floor, Block A,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor.

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
Ar. Lim Tong Hock	Chairman, Independent Non-Executive Director	Malaysian
Anne Kung Soo Ching	Chief Executive Officer, Executive Director	Malaysian
Choo Seng Choon	Executive Director	Malaysian
Azahar bin Rasul	Senior Independent Non-Executive Director	Malaysian
Tay Mun Kit	Independent Non-Executive Director	Malaysian

Ar. Lim Tong Hock

A Malaysian and aged 61, Ar. Lim Tong Hock was appointed as an Independent Non-Executive Director and as the Chairman of the Board of Directors on 1 April 2015. He is also a member of the Nomination and Remuneration Committee of the Company.

Ar. Lim Tong Hock began his training as assistant architect in 1980 in the architects' department of Borough of Haringey, London, after obtaining his Bachelor's degree. Subsequently, he worked for Briffa Phillips Chartered Architects in London before returning to Malaysia to join a private architectural practice in Kuala Lumpur in 1984. In 1990, he obtained his corporate membership to practice as an architect and set up his own practice under the name of ADL Architect. He has vast experience in designing and managing projects such as hotels, housing, industrial and institutional buildings.

Ar. Lim was appointed on 1 April 2015, hence he did not attend any Board meetings held during the financial period ended 31 December 2014. He has no family relationship with any director or substantial shareholder of the Company.

Ar. Lim 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 53, 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 2014, she held 76,900,000 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 2014.

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 (continued)

Mr. Choo Seng Choon

A Malaysian and aged 41, Choo Seng Choon was appointed as an Independent Non-Executive Director on 7 September 2011. He was redesignated as an Executive Director on 15 May 2015.

Choo Seng Choon 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 also holds a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur.

He has over 18 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.

Choo Seng Choon is also the Non-Executive Director 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 2014, 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 2014. 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.

Azahar Bin Rasul

A Malaysian aged 53, 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 2014, 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 2014. 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 39, Tay was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 18 December 2012. He is also a member of the Nomination and Remuneration Committee of the Company. He was appointed as the Chairman of the Audit and Risk Management Committee on 1 April 2015.

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 2014, 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 2014. 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 [x] to [x] 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.

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 2014, five (5) Board meetings were held.

Corporate Governance (continued)

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	Ar. Lim Tong Hock (Appointed on 1 April 2015)	Chairman, Independent Non-Executive Director	N/A	N/A
2	Anne Kung Soo Ching	Executive Director/CEO	5/5	100%
3	Dato' Ngu Sing Hieng (Resigned on 4 February 2015)	Executive Director	3/5	60%
4	Choo Seng Choon	Executive Director	5/5	100%
5	Azahar bin Rasul	Senior Independent Non-Executive Director	5/5	100%
6	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 2014, the Directors had attended the following training programmes :-

Directors	Title of seminar/course
Choo Seng Choon	GST Seminar held in October 2014
Anne Kung Soo Ching	The Institute of Internal Auditors Malaysia' All Star Conference 2014 held in December 2014
Azahar bin Rasul	GST Seminar held in October 2014
Tay Mun Kit	GST Seminar held in October 2014

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.

Corporate Governance (continued)

Board Committees

(a) Audit and Risk Management Committee
The terms of reference of the Audit and Risk Committee are set out on page 15 to 17 of the annual report.

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

Tay Mun Kit	Chairman
Ar. Lim Tong Hock	Member
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 (resigned from the Audit and Risk Management Committee on 15 May 2015)	1/1	100%
2	Azahar bin Rasul	1/1	100%
3	Ar. Lim Tong Hock (appointed to the Nomination Committee on 1 April 2015)	N/A	N/A
4	Tay Mun Kit (appointed to the Nomination Committee on 1 April 2015)	N/A	N/A

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

Tay Mun Kit	Chairman
Ar. Lim Tong Hock	Member
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.

The remuneration packages for the Directors for the financial year ended 31 December 2014 are as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	474	-
Fees	-	115

Corporate Governance (continued)

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	-	2
50,001 – 100,000	-	1
100,001 – 150,000	-	-
150,001 – 200,000	-	-
200,001 – 250,000	1	-
250,001 – 300,000	1	-

Remuneration Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon (resigned from the Audit and Risk Management Committee on 15 May 2015)	1/1	100%
2	Azahar bin Rasul	1/1	100%
3	Ar. Lim Tong Hock (appointed to the Nomination Committee on 1 April 2015)	N/A	N/A
4	Tay Mun Kit (appointed to the Nomination Committee on 1 April 2015)	N/A	N/A

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.

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 2014. These meetings were conducted without the presence of the Executive Directors and the Company's management staff.

Corporate Governance (continued)

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.

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 2014 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 May 2015.

Audit And Risk Management Committee Report

Audit and Risk Management Committee Members

Chairman	Tay Mun Kit (Independent Non-Executive Director)
Members	Ar. Lim Tong Hock (Independent Non-Executive Director) Azahar bin Rasul (Senior 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;

(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.

Audit And Risk Management Committee Report (continued)

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.

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.

Audit And Risk Management Committee Report (continued)

Summary of Activities,
During the financial year ended 31 December 2014, 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 2014;
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 2014. The details of the attendance are as follows:

Directors	No. of meetings attended
Tay Mun Kit	5/5
Azahar bin Rasul	5/5
Choo Seng Choon (Resigned from the Audit And Risk Management Committee on 15 May 2015)	5/5
Ar. Lim Tong Hock (Appointed on 1 April 2015)	N/A

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 (continued)

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 2014. 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 2015.

Additional Compliance Information

(a) Utilisation of Proceeds
There were no proceeds raised from any proposal during the financial year under review.

(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 2014, 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 2014 was RM17,355.

(g) Profit Estimates, Forecast or Projection
The Company did not issue any profit estimate, forecast or projection for the financial year.

(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

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal Activities

The Company is principally engaged in provision of e-business software application development, software integration and related services, sales of related products, telecommunication engineering and services and investment holding.

The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Net profit for the financial year	3,702,897	5,938,161
Attributable to:-		
Owners of the parent	3,702,897	5,938,161
Non-controlling interest	-	-
	3,702,897	5,938,161

Dividends

No dividends was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2014.

Reserves And Provisions

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

Bad And Doubtful Debts

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

Current Assets

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation Methods

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

Directors' Report (continued)

Contingent And Other Liabilities

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due, other than as disclosed in the financial statements.

Change Of Circumstances

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

Items Of An Unusual Nature

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

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Issue Of Shares And Debentures

During the financial year, the Company did not issue any shares or debentures.

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.

As at the end of the financial year, the entire allotted warrants remained unexercised. Details of the Warrants 2013/2018 are disclosed in Note 17 to the financial statements.

Directors

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

Dato' Ngu Sing Hieng	(resigned on 04.02.2015)
Anne Kung Soo Ching	
Choo Seng Choon	
Azahar Bin Rasul	
Tay Mun Kit	
Ar. Lim Tong Hock	(appointed on 01.04.2015)

Directors' Report (continued)

Directors' Interests

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares and options in the Company during the financial year ended 31 December 2014 are as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.1.2014	Allotted/ bought	Sold	At 31.12.2014
Company				
Direct Interest				
Dato' Ngu Sing Hieng	53,617,000	-	6,800,000	46,817,000
Anne Kung Soo Ching	102,000,000	-	25,100,000	76,900,000

Directors' Benefits

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

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Significant Events During And After The Financial Year

Details of the significant events during and after the financial year are disclosed in Note 34 to the financial statements.

Auditors

The auditors, Messrs STYL Associates, have expressed their willingness to continue in office.

On behalf of the Board,

CHOO SENG CHOON
Director

ANNE KUNG SOO CHING
Director

Kuala Lumpur

Date: 28 April 2015

Statement By Directors

We, **CHOO SENG CHOON** and **ANNE KUNG SOO CHING**, being two of the directors of **INSTACOM GROUP BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 28 to 86 are properly drawn up in accordance with the 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 financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 87 has been prepared in accordance with the Guidance of 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*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

CHOO SENG CHOON
Director

ANNE KUNG SOO CHING
Director

Kuala Lumpur

Date: 28 April 2015

Statutory Declaration

I, **ANNE KUNG SOO CHING**, being the director primarily responsible for the financial management of **INSTACOM GROUP BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 28 to 86, and the supplementary information set out on page 87 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

ANNE KUNG SOO CHING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 April 2015.

Before me,

SHAFIE B. DAUD
Commissioner for Oaths (W 350)
Kuala Lumpur

Independent Auditors' Report

To The Members Of Instacom Group Berhad

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 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 87.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, 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 controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965, in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report (continued)

To The Members Of Instacom Group Berhad

Other Reporting Responsibilities

The supplementary information set out in page 87 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

STYL Associates

No. AF 001929
Chartered Accountants

SI CHAY BENG

No. 1200/08/16(J)
Chartered Accountant

Petaling Jaya

Date: 28 April 2015

Statements Of Financial Position

As At 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
			Restated		Restated
ASSETS					
Non-current assets					
Property, plant and equipment	3	26,575,981	29,147,833	16,624,077	16,490,910
Development expenditure	4	6,797,376	6,912,586	4,417,947	4,492,828
Intangible assets	5	586,139	643,773	586,139	643,773
Investment in subsidiaries	6	-	-	102,000,000	102,000,000
Goodwill on consolidation	7	75,759,818	75,776,024	-	-
Finance receivables	8	11,305,720	15,973,515	-	-
Trade and other receivables	9	12,859,344	-	-	-
Total non-current assets		133,884,378	128,453,731	123,628,163	123,627,511
Current assets					
Inventories	10	19,827,019	28,097,021	17,179,978	24,990,773
Finance receivables	8	3,706,957	4,329,062	-	-
Trade and other receivables	9	40,061,601	52,737,880	16,761,313	5,015,047
Tax recoverable		782,346	1,061,151	-	-
Other investment	11	-	7,120,910	-	-
Amount owing by subsidiaries	12	-	-	28,443,389	16,829,521
Fixed deposits with licensed banks	13	6,269,637	12,057,411	-	-
Cash and bank balances	14	13,449,619	3,542,614	12,333,488	2,203,389
Total current assets		84,097,179	108,946,049	74,718,168	49,038,730
TOTAL ASSETS		217,981,557	237,399,780	198,346,331	172,666,241
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	70,225,426	70,225,426	70,225,426	70,225,426
Reserves	16	97,269,096	93,566,199	96,717,065	90,778,904
TOTAL EQUITY		167,494,522	163,791,625	166,942,491	161,004,330

Statements Of Financial Position (Continued)

As At 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
			Restated		Restated
Non-current liability					
Loans and borrowings	18	14,301,091	13,030,601	3,816,977	-
Total non-current liability		14,301,091	13,030,601	3,816,977	-
Current liabilities					
Trade and other payables	21	5,433,092	11,745,449	2,579,894	2,871,968
Amount owing to subsidiaries	12	-	-	23,589,477	8,789,943
Amount owing to directors	22	55,606	3,732	-	-
Loans and borrowings	18	30,695,783	48,828,373	1,416,029	-
Tax payables		1,463	-	1,463	-
Total current liabilities		36,185,944	60,577,554	27,586,863	11,661,911
Total liabilities		50,487,035	73,608,155	31,403,840	11,661,911
TOTAL EQUITY AND LIABILITIES		217,981,557	237,399,780	198,346,331	172,666,241

The accompanying notes form an integral part of these financial statements.

Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	23	66,008,423	120,433,847	58,585,578	109,468,086
Cost of sales		(52,038,391)	(76,501,162)	(47,062,411)	(69,701,309)
Gross Profit		13,970,032	43,932,685	11,523,167	39,766,777
Other income		2,126,246	877,645	404,519	455,031
Administrative expenses		(8,505,870)	(12,356,100)	(5,734,059)	(8,956,177)
Selling and distribution expenses		(216,660)	(306,852)	(64,358)	(166,358)
Other operating expenses		(77,832)	(493,494)	(7,656)	(204,651)
Operating Profit	24	7,295,916	31,653,884	6,121,613	30,894,622
Finance costs	25	(3,571,827)	(6,122,202)	(162,260)	(4,472)
Profit Before Taxation		3,724,089	25,531,682	5,959,353	30,890,150
Taxation	26	(21,192)	692,567	(21,192)	-
Profit for the Financial Year		3,702,897	26,224,249	5,938,161	30,890,150
Other Comprehensive Profit, Net of Tax		-	-	-	-
Total Comprehensive Income for the Financial Year		3,702,897	26,224,249	5,938,161	30,890,150
Profit attributable to:-					
Owners of the parent		3,702,897	26,224,249	5,938,161	30,890,150
Total Comprehensive Income attributable to:-					
Owners of the parent		3,702,897	26,224,249	5,938,161	30,890,150
Earnings per share attributable to owners of the parent	27				
- basic (sen)		0.53	3.73		
- diluted (sen)		0.53	3.73		

The accompanying notes form an integral part of these financial statements.

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2014

	/--Attributable to Owners of the Parent--/			
	/----Non-distributable----/		Distributable	
	Issued Share Capital	Share Premium	Retained Profits/ (Accumulated Losses)	Total Equity
	RM	RM	RM	RM
Group				
Balance at 1 January 2013	70,225,426	60,863,614	6,827,271	137,916,311
Total comprehensive income	-	-	26,224,249	26,224,249
Transactions with owners:-				
Expenditure for warrants issued	-	-	(348,935)	(348,935)
Balance at 31 December 2013	70,225,426	60,863,614	32,702,585	163,791,625
Total comprehensive income	-	-	3,702,897	3,702,897
Balance at 31 December 2014	70,225,426	60,863,614	36,405,482	167,494,522
Company				
Balance at 1 January 2013	70,225,426	60,863,614	(625,925)	130,463,115
Total comprehensive income	-	-	30,890,150	30,890,150
Transactions with owners:-				
Expenditure for warrants issued	-	-	(348,935)	(348,935)
Balance at 31 December 2013	70,225,426	60,863,614	29,915,290	161,004,330
Total comprehensive income	-	-	5,938,161	5,938,161
Balance at 31 December 2014	70,225,426	60,863,614	35,853,451	166,942,491

The accompanying notes form an integral part of these financial statements.

Statements Of Cash Flows

For The Financial Year Ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
		Restated		Restated
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	3,724,089	25,531,682	5,959,353	30,890,150
Adjustments for:-				
Amortisation of development expenditure	115,210	-	74,881	-
Amortisation of intangible assets	57,634	57,993	57,634	57,633
Impairment loss on:-				
- other receivables	58,513	-	-	-
- goodwill	16,206	-	-	-
Depreciation of property, plantand equipment	2,143,564	2,312,532	67,871	110,063
Gain on disposal of property,plant and equipment	(458,435)	(136,726)	-	-
Investment income:-				
- current year	(228,227)	(374,276)	-	-
- prior year	-	1,453,337	-	-
Interest income	(550,305)	(982,098)	(321)	-
Interest expenses	3,571,827	6,122,202	162,260	4,472
Written off of property, plantand equipment	57,229	-	29,662	-
	8,507,305	33,984,646	6,351,340	31,062,318
Changes in working capital:-				
Development expenditure	-	(4,492,828)	-	(4,492,828)
Inventories	8,270,002	9,331,021	7,810,795	1,215,212
Trade and other receivables	(241,578)	(5,184,385)	(11,746,266)	(2,389,851)
Trade and other payables	(6,312,357)	(4,320,752)	(292,074)	2,351,806
	10,223,372	29,317,702	2,123,795	27,746,657
Tax paid	(112,951)	(1,907,338)	(19,729)	-
Tax refunded	372,027	260,000	-	-
Interest received	550,305	982,098	321	-
Net Operating Cash Flows	11,032,753	28,652,462	2,104,387	27,746,657

Statements Of Cash Flows (Continued)

For The Financial Year Ended 31 December 2014

	Group 2014 RM	Group 2013 RM Restated	Company 2014 RM	Company 2013 RM Restated
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Amount owing by subsidiaries	-	-	(11,613,868)	(25,749,541)
Disposal of investment by asset management company	7,120,910	7,909,091	-	-
Investment income	228,227	374,276	-	-
Placement/(withdrawal) of fixed deposits pledged to banks	5,787,774	(1,833,434)	-	-
Proceeds from disposal of property, plant and equipment	1,614,338	324,120	5,762	-
Purchase of property, plant and equipment	(784,844)	(602,647)	(236,462)	(114,558)
Net Investing Cash Flows	13,966,405	6,171,406	(11,844,568)	(25,864,099)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Amount owing to directors	51,874	(43,097)	-	-
Amount owing to subsidiaries	-	-	14,799,534	-
Finance receivables	5,289,900	3,731,078	-	-
Issuance of warrants	-	(348,935)	-	(348,935)
Repayment of hire purchase payables, net	(2,617,721)	(3,170,560)	-	-
Drawdown of term loans	8,194,750	-	4,000,000	-
Repayment of term loans	(3,983,313)	(1,319,356)	(64,994)	
Drawdown/(repayment) of short term borrowings, net	(18,459,155)	(33,870,880)	1,298,000	-
Interest paid	(3,571,827)	(5,663,648)	(162,260)	(4,472)
Net Financing Cash Flows	(15,095,492)	(40,685,398)	19,870,280	(353,407)

Statements Of Cash Flows (Continued)
For The Financial Year Ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM Restated	2014 RM	2013 RM Restated
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,903,666	(5,861,530)	10,130,099	1,529,151
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,539,014	9,400,544	2,203,389	674,238
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	13,442,680	3,539,014	12,333,488	2,203,389
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	13,449,619	3,542,614	12,333,488	2,203,389
Bank overdrafts	(6,939)	(3,600)	-	-
	13,442,680	3,539,014	12,333,488	2,203,389

The accompanying notes form an integral part of these financial statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

The Company is principally engaged in provision of e-business software application development, software integration and related services, sales of related products, telecommunication engineering and services and investment holding. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

The principal place of business of the Company is located at No. 21 and 22, 2nd and 3rd Floor, Stutong Commercial Centre, Jalan Setia Raja/Jalan Canna, 93350 Kuching, Sarawak.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company have been authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4 to the financial statements.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

<u>Amendments/Improvements to MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (continued)

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

MFRS 9 Financial Instruments (continued)

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for Business Combinations

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

From 1 January 2011, the Group has applied MFRS 3 Business Combination (Revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

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

- The fair value of the consideration transferred; plus

- The recognised amount of any non-controlling interest in the acquiree; plus

- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(ii) Accounting for Business Combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisition between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in fair values of the net identifiable assets and liabilities.

(iii) Accounting for Acquisition of Non-controlling Interest

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost in initial measurement of the investment.

(v) Non-controlling Interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and the owners of the Company.

Since the beginning of the reporting period, the Group has applied MFRS 127 Consolidated and Separate Financial Statements (Revised) where losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Where losses applicable to the non-controlling interest exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interest had a binding obligation to, and was able to make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interest's share of losses previously absorbed by the Group had been recovered.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(vi) Transactions Eliminated on Consolidation

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

(b) Goodwill on Consolidation

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

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

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

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

(c) Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially stated at cost. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, factory building under construction and plant, machinery and equipment under installation. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Freehold lands are not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the period of 55 years. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Factory	2%
Leasehold land and building	55 years
Computers, telecommunication and electronic equipment	10% - 33%
Machinery and tools	10% - 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	10% - 33%
Base stations and network operation centres	15 years
Staff quarters	10% - 33%
Renovation	10% - 33%

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(c) Property, Plant and Equipment and Depreciation (continued)

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

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

(d) Leases and Hire Purchase

(i) Finance Leases and Hire Purchase

Assets financed by finance leases and hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

Assets acquired by way of finance leases and hire purchase arrangements are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases and hire purchase are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating Leases

An operating lease is a lease other than a finance lease. Lease payments under operating lease are recognised as an expense in the profit or loss on a straight line basis over the lease period.

(iii) Leases of Land and Buildings

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and is amortised on a straight-line basis over the lease term.

(e) Inventories

Inventories of finished goods, work-in-progress and raw materials are stated at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average basis.

The cost of work-in-progress includes cost of raw materials, consumables, direct labour and an appropriate allocation of overhead. The cost of raw materials includes the original purchase price plus costs incurred to bring the inventories to their present locations and conditions.

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 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial 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 risks of the host contract and the host contract is not categorised at 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 assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in the profit or loss.

Loans and receivables

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

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

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

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

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(i) Financial Assets (continued)

Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

(ii) Financial Liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention of the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(g) Provision for Liabilities

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

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

(h) Share Capital

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of the reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(i) Foreign Currency Translation

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

Transactions in foreign currencies are translated into RM at rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss.

Non-monetary items are measured in terms of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the 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.

(j) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

(k) Impairment

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

(i) Impairment of Financial Assets

Trade and other receivables

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

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

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

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

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(k) Impairment (continued)

(i) Impairment of Financial Assets (continued)

Unquoted equity securities carried at cost

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

(ii) Impairment of Non-financial Assets

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

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

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

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

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

(l) Revenue

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

(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.

(iii) Revenue from Maintenance Contract

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

(iv) Interest Income

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

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(l) Revenue (continued)

(v) Rental Income

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

(m) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by the employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which the related service is performed. Once the contributions have been paid, the Group has no further payment obligations.

(n) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable or receivable in respect of the taxable profit or loss for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(o) Borrowing Costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they 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.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(p) Earnings Per Share

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 weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

(q) Operating Segment

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

(r) Contingencies

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

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

(s) 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 recognised 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:-

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and thereafter use it or sell it;
- the ability to either use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(s) Intangible asset (continued)

Other development expenditure is recognised in profit or loss as and when it is incurred. Capitalised development expenditure are recorded as intangible assets and amortised from that point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful life.

The estimated useful lives of capitalised development expenditure are over a period of fifteen years. Software licence and intellectual property rights both are over a period of twenty years.

After initial recognition, internally generated intangible assets are stated at cost less any accumulated amortisation and impairment losses. The amortisation period and method are reviewed at least at the end of each reporting period. Amortisation will commence once the development work is completed.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss from derecognition of an intangible assets, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

(t) Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized 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 recognized 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 recognized to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognized 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 recognized as an expense immediately as an allowance for foreseeable loss.

(u) Warrants

The issues 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Estimation and Judgements

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

(a) Judgements Made in Applying Accounting Policies

There are no critical judgements made by the management in the application of accounting policies of the Group that have a significant effect on the financial statements.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Estimation and Judgements (continued)

(b) Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of Investment in Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the end of the reporting period. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(iii) Impairment of Property, Plant and Equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at end of reporting period, the directors of the Group are of the opinion that there is no impact resulting from the impairment review by the management.

(iv) Impairment of Loans and Receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 9 to the financial statements.

Notes To The Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Estimation and Judgements (continued)

(b) Key Sources of Estimation Uncertainty (continued)

(v) Impairment of Goodwill on Consolidation

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period is RM75,759,818/- (2013: RM75,776,024/-). Details of the impairment assessment are disclosed in Note 7 to the financial statements.

(vi) Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(vii) Net Realisable Values of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and factory RM	Leasehold land and building RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Staff quarters RM	Renovation RM	Total RM
Cost										
At 1 January 2014	8,065,800	2,045,122	6,845,504	2,301,736	13,989,805	1,178,947	8,415,967	24,605	648,230	43,515,716
Additions	-	-	331,802	360,800	215	11,020	-	-	81,007	784,844
Disposal	(5,800)	-	(22,049)	-	(3,434,342)	(5,442)	-	-	-	(3,467,633)
Written off	-	-	(2,106,370)	-	(261,873)	(88,235)	-	-	(17,593)	(2,474,071)
At 31 December 2014	8,060,000	2,045,122	5,048,887	2,662,536	10,293,805	1,096,290	8,415,967	24,605	711,644	38,358,856
Accumulated depreciation										
At 1 January 2014	65,580	182,256	5,431,694	1,452,132	6,292,658	621,321	-	5,537	316,705	14,367,883
Charge for the financial year	53,200	37,221	433,619	400,624	1,037,265	109,684	-	2,461	69,490	2,143,564
Disposal	(38)	-	(19,560)	-	(2,289,677)	(2,455)	-	-	-	(2,311,730)
Written off	-	-	(2,095,448)	-	(234,956)	(77,821)	-	-	(8,617)	(2,416,842)
At 31 December 2014	118,742	219,477	3,750,305	1,852,756	4,805,290	650,729	-	7,998	377,578	11,782,875
Net book value at 31 December 2014	7,941,258	1,825,645	1,298,582	809,780	5,488,515	445,561	8,415,967	16,607	334,066	26,575,981

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and factory RM	Leasehold land and building RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Staff quarters RM	Renovation RM	Total RM
Cost										
At 1 January 2013	8,000,000	2,045,122	6,369,921	2,276,250	12,881,384	1,162,223	8,415,967	24,605	563,133	41,738,605
Additions	65,800	-	523,582	26,393	1,893,659	31,316	-	-	85,097	2,625,847
Disposals	-	-	(47,999)	(907)	(785,238)	(14,592)	-	-	-	(848,736)
At 31 December 2013	8,065,800	2,045,122	6,845,504	2,301,736	13,989,805	1,178,947	8,415,967	24,605	648,230	43,515,716
Accumulated depreciation										
At 1 January 2013	13,000	145,035	5,000,206	1,105,621	5,680,950	516,319	-	3,076	252,486	12,716,693
Charge for the financial year	52,580	37,221	478,241	347,411	1,217,836	112,563	-	2,461	64,219	2,312,532
Disposals	-	-	(46,753)	(900)	(606,128)	(7,561)	-	-	-	(661,342)
At 31 December 2013	65,580	182,256	5,431,694	1,452,132	6,292,658	621,321	-	5,537	316,705	14,367,883
Net book value at 31 December 2013	8,000,220	1,862,866	1,413,810	849,604	7,697,147	557,626	8,415,967	19,068	331,525	29,147,833

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land and factory RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment furniture and fittings RM	Base stations and network operation centres RM	Renovation RM	Total RM
Cost								
At 1 January 2014	8,065,800	2,115,071	2,300	350,000	111,691	8,415,967	17,593	19,078,422
Additions	-	230,950	-	-	5,512	-	-	236,462
Disposals	(5,800)	-	-	-	-	-	-	(5,800)
Written off	-	(2,092,348)	-	-	(87,956)	-	(17,593)	(2,197,897)
At 31 December 2014	8,060,000	253,673	2,300	350,000	29,247	8,415,967	-	17,111,187
Accumulated depreciation								
At 1 January 2014	65,580	2,083,564	345	350,000	79,405	-	8,618	2,587,512
Charge for the financial year	53,200	11,487	460	-	2,724	-	-	67,871
Disposals	(38)	-	-	-	-	-	-	(38)
Written off	-	(2,081,854)	-	-	(77,763)	-	(8,618)	(2,168,235)
At 31 December 2014	118,742	13,197	805	350,000	4,366	-	-	487,110
Net book value at 31 December 2014	7,941,258	240,476	1,495	-	24,881	8,415,967	-	16,624,077

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land and factory RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment furniture and fittings RM	Base stations and network operation centres RM	Renovation RM	Total RM
Cost								
At 1 January 2013	8,000,000	2,092,348	-	350,000	87,956	8,415,967	17,593	18,963,864
Additions	65,800	22,723	2,300	-	23,735	-	-	114,558
At 31 December 2013	8,065,800	2,115,071	2,300	350,000	111,691	8,415,967	17,593	19,078,422
Accumulated depreciation								
At 1 January 2013	13,000	2,035,281	-	350,000	74,070	-	5,098	2,477,449
Charge for the financial year	52,580	48,283	345	-	5,335	-	3,520	110,063
At 31 December 2013	65,580	2,083,564	345	350,000	79,405	-	8,618	2,587,512
Net book value at 31 December 2013	8,000,220	31,507	1,955	-	32,286	8,415,967	8,975	16,490,910

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Included under property, plant and equipment are freehold land, leasehold land and buildings which are charged as security for the bank and credit facilities of the Group as disclosed in Note 20 to the financial statements.

(b) The net book value of motor vehicles of the Group held under hire purchase payables is RM6,583,191/- (2013: RM8,810,016/-).

4. DEVELOPMENT EXPENDITURE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Carrying amount				
At 1 January	6,912,586	6,912,586	4,492,828	4,492,828
Less: Accumulated amortisation	(115,210)	-	(74,881)	-
At 31 December	6,797,376	6,912,586	4,417,947	4,492,828

Development expenditure includes labour cost and other related cost incurred for the development and training of new skillset 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 been completed during the financial year, and amortisation provided from the date of development expenditure rolled out.

The development expenditure are amortised on a straight line basis over 15 years. The amortisation of development expenditure is included in the "Cost of sales" in the statement of comprehensive income.

Notes To The Financial Statements (Continued)

5. INTANGIBLE ASSETS

Group and Company	Software licences RM	Intellectual property rights RM	Total RM
2014			
Cost			
At 1 January 2014/31 December 2014	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2014	663,294	1,856,526	2,519,820
Charge for the financial year	30,481	27,153	57,634
At 31 December 2014	693,775	1,883,679	2,577,454
Impairment losses			
At 1 January 2014/31 December 2014	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2014	396,069	190,070	586,139
2013			
Cost			
At 1 January 2013/31 December 2013	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2013	632,813	1,829,374	2,462,187
Charge for the financial year	30,481	27,152	57,633
At 31 December 2013	663,294	1,856,526	2,519,820
Impairment losses			
At 1 January 2013/31 December 2013	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2013	426,550	217,223	643,773

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 and 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.

Notes To The Financial Statements (Continued)

5. INTANGIBLE ASSETS (continued)

The software licences and intellectual property rights are amortised on a straight line basis over 20 (2013: 20) years. The amortisation of software licences and intellectual property rights are included in the "Administrative expenses" in the statement of comprehensive income.

The impairment losses of software licences and intellectual property rights are amounted to RM3,410,156/- and RM1,926,251/- respectively which representing the write down of recoverable amount and recognised in statement of comprehensive income in prior years. The recoverable amount of software licences and intellectual property rights were based on its value in used and the pre-tax discount rate of 4.64%.

6. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost		
At 1 January/ 31 December	102,000,000	102,000,000

The details of the subsidiaries, all of which are incorporated in Malaysia are as follows:-

Name of Companies	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
Direct Subsidiary			
Instacom Engineering Sdn. Bhd.	100	100	Telecommunication engineering and services
Indirect Subsidiaries			
Instacom SPV Sdn. Bhd.	100	100	Incorporated as the fundingvehicle for the purpose of issuance of Islamic Medium Term Notes in accordance to the Syariah Principle of Muradabahah
Instacom Construction Sdn. Bhd.	100	100	Telecommunication engineering and services
Instacom Technologies Sdn. Bhd.	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.	100	100	Investment holding company
Indirect Subsidiaries			
Held through IE Communication Sdn. Bhd.			
Dektaria Delima Sdn. Bhd.	100	100	Investment holding company
Dynamic Interconsortium Sdn. Bhd.	100	100	Dormant

Notes To The Financial Statements (Continued)

7. GOODWILL ON CONSOLIDATION

	Group 2014 RM	Group 2013 RM
At 1 January	75,776,024	75,776,024
Less: Impairment losses	(16,206)	-
At 31 December	75,759,818	75,776,024

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill amounted to RM75,759,818/- and RM16,206/- has been allocated to the investment in Instacom Engineering Sdn. Bhd. and Instacom Technologies Sdn. Bhd. respectively. During the financial year, an impairment of RM16,206/- was recognised for the goodwill allocated to investment in Instacom Technologies Sdn. Bhd. as the recoverable amount is less than the carrying amount.

However, for goodwill amounted to RM75,759,818/- on investment in Instacom Engineering Sdn. Bhd., the recoverable amount of the CGU is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are 4.64% and 10% respectively.

The calculation of value in use for this CGU is most sensitive to the following assumptions:-

(a) Budgeted growth margin – Gross margin is based on average values achieved in the three years preceding the start of the budget period. The anticipated growth rate for gross margin is projected to be minimal.

(b) Growth rates – The forecasted growth rates of 5% to 10% are based on directors past experience.

(c) Pre-tax discount rate – Discount rate of 4.64% reflects the current market assessment of the risks specific to the CGU. This is the benchmark used by directors to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rate for the CGU, regard has been given to the Malaysia Bank Lending Rate at the beginning of the budgeted year.

(d) There is no significant fluctuation in the price of raw material.

The value assigned to the key assumptions represents directors' assessment of future trends in the telecommunication engineering and services industry and are based on both external sources and internal sources (historical data).

Sensitivity to changes in assumptions
Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

8. FINANCE RECEIVABLES

	Group 2014 RM	Group 2013 RM Restated
Non-current	11,305,720	15,973,515
Current	3,706,957	4,329,062
	15,012,677	20,302,577
Less: Allowance for impairment	-	-
Total finance receivables	15,012,677	20,302,577

Notes To The Financial Statements (Continued)

8. FINANCE RECEIVABLES (continued)

A wholly-owned subsidiary of the Company, Instacom Engineering Sdn. Bhd. ("IESB") had entered into Teaming Agreements with several contractors ("Contractors") for the purpose of procuring telecommunication projects in construction of telecommunication towers, fibre optic ducting and related infrastructures.

The terms and conditions of the Teaming Agreements stated that IESB is responsible for the funding of site procurement, design, funding and construction of the structures of the telecommunication projects. IESB and Contractors are entitled for the rental proceeds receivable from Telecommunications Service Provider ("TSP") for a period of eighty-four (84) months.

Finance receivables are the rental proceeds with the maturity ranging from 1 to 7 years (2013:1 to 7 years) and are financed by banking facilities as disclosed in Note 20 to the financial statement.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
		Restated		
Non-current				
Trade receivables	9,500,745	-	-	-
Other receivables	3,358,599	-	-	-
Less: Allowance for impairment	-	-	-	-
	12,859,344	-	-	-
Current				
Trade receivables	33,877,021	40,610,494	15,178,078	4,582,873
Less: Allowance for impairment	-	-	-	-
Trade receivables, net	33,877,021	40,610,494	15,178,078	4,582,873
Other receivables				
Other receivables	3,027,690	10,303,792	-	391,832
Deposits	1,642,887	450,876	1,563,087	40,342
Prepayments	1,514,003	1,372,718	20,148	-
Other receivables, net	6,184,580	12,127,386	1,583,235	432,174
	40,061,601	52,737,880	16,761,313	5,015,047
Total trade and other receivables	52,920,945	52,737,880	16,761,313	5,015,047
Total trade and other receivables	52,920,945	52,737,880	16,761,313	5,015,047
Add:				
Amount owing by subsidiaries	-	-	28,443,389	16,829,521
Fixed deposits placed with licensed banks	6,269,637	12,057,411	-	-
Cash and bank balances	13,449,619	3,542,614	12,333,488	2,203,389
Total loans and receivables	72,640,201	68,337,905	57,538,190	24,047,957

Notes To The Financial Statements (Continued)

9. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade and other receivables (non-current)

The Group's long term trade and other receivables are unsecured, interest-bearing and are repayable within 24 to 48 months. The interest rates are ranging from 4.45% to 5.00% per annum.

(b) Trade receivables (current)

The Group's and the Company's credit period granted is ranging from 30 days to 120 days (2013: 30 days to 120 days). Other credit terms are assessed and approved on a case by case basis.

The currency profile of trade receivables is entirely in Ringgit Malaysia.

Ageing analysis of the Group's and of the Company's trade receivables (including long term trade receivables) are as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
		Restated		
Neither past due nor impaired	13,052,374	24,150,329	3,504,306	2,970,000
Past due not impaired				
1 to 30 days	2,649,277	647,004	3,772	-
31 to 60 days	102,663	391,374	-	-
61 to 90 days	70,585	578,136	-	464,285
More than 120 days	27,502,867	14,843,651	11,670,000	1,148,588
	30,325,392	16,460,165	11,673,772	1,612,873
Impaired	-	-	-	-
	43,377,766	40,610,494	15,178,078	4,582,873

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

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

Receivables that are past due but not impaired

Based on historical default rates, the Group and the Company believes that no allowance for impairment in respect of trade receivables that are past due. These receivables are mainly arising from trade receivables that have a good credit record with the Group and the Company.

The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

None of the Group's and the Company's trade receivables that are impaired at the end of reporting period.

Notes To The Financial Statements (Continued)

9. TRADE AND OTHER RECEIVABLES (continued)

(b) Trade receivables (current) (continued)

Movements in the allowance for impairment

Movements in the allowance for impairment account are as follows:-

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
At 1 January	-	8,721,677	-	8,721,677
Reversal of impairment losses	-	(60,000)	-	(60,000)
Written off	-	(8,661,677)	-	(8,661,677)
At 31 December	-	-	-	-

(c) Other receivables

(i) Included in the other receivables of the Group is an advance amount to third parties.

(ii) Included in the other receivables of the Group and of the Company is an amount of RM1,519,306/- paid as tender deposits to third party.

10. INVENTORIES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
At cost				
Consumable and materials	2,647,941	3,107,148	900	900
Project work-in-progress	17,179,078	24,989,873	17,179,078	24,989,873
Total	19,827,019	28,097,021	17,179,978	24,990,773

During the financial year, the cost of inventories recognised as an expense in the Group and in the Company amounted to RM11,165,760/- and RM4,994,594/- respectively.

Notes To The Financial Statements (Continued)

11. OTHER INVESTMENT

	Group 2014 RM	Group 2013 RM
At cost		
Investment by an asset management company (fixed income securities)	7,120,910	7,066,000
Accrued investment income	-	54,910
Disposal	(7,120,910)	-
At 31 December	-	7,120,910
At market value:		
Investment by an asset management company (fixed income securities)	-	7,334,508

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by/(to) subsidiaries is unsecured, interest free and recoverable/repayable on demand.

13. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The interest rate of the Group's and of the Company's fixed deposits ranges from 3.00% to 3.35% (2013: 3.05% to 3.29%) per annum. Fixed deposits were pledged with licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 18 to the financial statements.

14. CASH AND BANK BALANCES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash in hand	2,620	33,568	-	-
Cash at banks	13,436,684	3,499,046	12,323,173	2,193,389
Short term fund :-				
- investment in trust funds	10,315	10,000	10,315	10,000
Total	13,449,619	3,542,614	12,333,488	2,203,389

Notes To The Financial Statements (Continued)

15. SHARE CAPITAL

	Group and Company			
	2014 Number of shares		2013 Number of shares	
	Unit	RM	Unit	RM
Ordinary shares of RM0.10 each				
Authorised:-				
At the beginning/end of the financial year	2,000,000,000	200,000,000	2,000,000,000	200,000,000
Issued and fully paid:-				
At the beginning/end of the financial year	702,254,260	70,225,426	702,254,260	70,225,426

16. RESERVES

	Group		Company	
	2014	2013	2014	2013
	RM	RM		
Non-distributable reserve:-				
Share premium	60,863,614	60,863,614	60,863,614	60,863,614
Distributable reserve:-				
Retained earnings	36,405,482	32,702,585	35,853,451	29,915,290
	97,269,096	93,566,199	96,717,065	90,778,904

(a) **Share Premium**
Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) **Retained Earnings**
The entire retained earnings of the Company as at 31 December 2014 may be distributed as dividend under the single tier system.

Notes To The Financial Statements (Continued)

17. WARRANTS 2013/2018

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.

18. LOANS AND BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current				
Secured:-				
Bankers' acceptances	6,476,000	4,512,000	1,298,000	-
Bank overdrafts	6,939	3,600	-	-
Revolving credits	19,552,041	29,975,196	-	-
Medium Term Notes	-	10,000,000	-	-
Hire purchase payables (Note 19)	1,902,606	2,389,210	-	-
Term loans (Note 20)	2,758,197	1,948,367	118,029	-
	30,695,783	48,828,373	1,416,029	-
Non-current				
Secured:-				
Hire purchase payables (Note 19)	2,543,016	4,674,133	-	-
Term loans (Note 20)	11,758,075	8,356,468	3,816,977	-
	14,301,091	13,030,601	3,816,977	-
Total loans and borrowings	44,996,874	61,858,974	5,233,006	-

(a) Interest rates on bankers' acceptances for the financial year ranging from 3.87% to 6.14% (2013: 4.69% to 7.85%) per annum. The bankers' acceptances are secured by way of:-

(i) pledged of fixed deposits; and

(ii) joint and several guarantee by the directors of the Group and of the Company.

(b) Interest rates on bank overdrafts for the financial year ranging from 8.10% to 8.35% (2013:8.10%) per annum. The bank drafts are secured by way of:-

(i) pledged of fixed deposits; and

(ii) joint and several guarantee by the directors of the Group.

Notes To The Financial Statements (Continued)

18. LOANS AND BORROWINGS (continued)

(c) Interest rates on revolving credits for the financial year ranging from 7.00% to 7.25% (2013: 7.00 % to 7.25%) per annum. The revolving credits are secured by way of:-

(i) an irrecovable letter of instruction to credit all contract payment due from a customer and owing to the Group to a non-operating account;

(ii) open all monies debenture fixed and floating charge over all present and future assets and understakings of the Group; and

(iii) joint and several guarantee by the directors of the Group.

19. HIRE PURCHASE PAYABLES

	Group 2014 RM	Group 2013 RM
Minimum hire purchase payments:-		
- not later than one year	2,094,550	2,716,830
- later than one year but not later than five years	2,679,454	4,990,871
- later than five years	1,860	-
	4,775,864	7,707,701
Less: Future finance charges	(330,242)	(644,358)
	4,445,622	7,063,343
Analysis of present value of hire purchases payables:-		
Current (Note 18)		
- not later than one year	1,902,606	2,389,210
Non-current (Note 18)		
- later than one year but not later than five years	2,541,181	4,674,133
- later than five years	1,835	-
	2,543,016	4,674,133
Total hire purchase payables	4,445,622	7,063,343

Interest rates on the hire purchase payables for the financial year ranging from 2.30% to 5.72% (2013: 2.30% to 4.41%) per annum.

Notes To The Financial Statements (Continued)

20. TERM LOANS

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current (Note 18)				
Within the next twelve months	2,758,197	1,948,367	118,029	-
Non-current (Note 18)				
After the next twelve months				
- later than one year but not later than five years	8,030,840	6,607,886	533,625	-
- later than five years	3,727,235	1,748,582	3,283,352	-
	11,758,075	8,356,468	3,816,977	-
Total term loans	14,516,272	10,304,835	3,935,006	-

Interest rates on term loans for the financial year ranging from 4.85% to 6.23% (2013: 4.30% to 5.74%) per annum. The term loans are secured by way of:-

(i) pledged of investment account of the Group and of the Company;

(ii) pledged of freehold land, leasehold land and building of the Group and of the Company;

(iii) assignments of contract proceeds from the respective projects to the financial institution;

(iv) an irrecovable and unconditional letter of understaking from the Group and the Company to assign proceeds from any future contracts to be financed by the banking facilities;

(v) irrecovable letter of understaking by the Group and by the Company to supplement any shortfall in cash flows or cost overruns incurred in respect of the project;

(vi) assignment over the designated account;

(vii) charge over the collection account and operating account; and

(viii) joint and several guarantee by the directors of the Group and of the Company.

Notes To The Financial Statements (Continued)

21. TRADE AND OTHER PAYABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade payables	4,887,700	7,956,040	2,335,472	2,589,744
Other payables				
Other payables	94,738	3,053,206	82,393	1,350
Deposits	28,320	79,320	-	-
Accruals	422,334	656,883	162,029	280,874
Other payables, net	545,392	3,789,409	244,422	282,224
Total trade and other payables	5,433,092	11,745,449	2,579,894	2,871,968
Total trade and other payables	5,433,092	11,745,449	2,579,894	2,871,968
Add:				
Loans and borrowings	44,996,874	61,858,974	5,233,006	-
Total financial liabilities carried at amortised cost	50,429,966	73,604,423	7,812,900	2,871,968

The credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (2013: 30 to 90 days).

The currency of trade and other payables are entirely in Ringgit Malaysia.

22. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest free and repayable on demand.

23. REVENUE

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Telecommunication, engineering and services	66,008,423	120,433,847	58,585,578	109,468,086

Notes To The Financial Statements (Continued)

24. OPERATING PROFIT

Operating profit has been arrived at:-

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
After charging:-				
Amortisation of development expenditure	115,210	-	74,881	-
Amortisation of intangible assets	57,634	57,633	57,634	57,633
Auditors' remuneration:-				
- current year	173,000	173,500	55,000	55,000
Depreciation of property, plant and equipment	2,143,564	2,312,532	67,871	110,063
Directors' remuneration:-				
- fees, salaries, allowances and bonuses	605,000	523,500	605,000	523,500
- Employees' Provident Fund	74,940	61,620	74,940	61,620
Impairment losses on other receivables	58,513	-	-	-
Written off of property, plant and equipment	57,229	-	29,662	-
Realised loss on foreign exchange	543	4,846	-	-
Rental of machinery	31,750	561,414	-	-
Rental of office	391,406	608,881	-	27,040
Staff costs:-				
- salaries, wages and bonuses	6,084,403	10,911,888	4,407,960	8,377,850
- Employees' Provident Fund & SOCSO	791,143	1,329,468	544,311	982,195
- other related staff costs	254,154	456,592	193,418	389,042
And crediting:-				
Bad debts recovered	-	60,000	-	60,000
Dividend income	5,532	-	5,532	-
Interest income	550,305	982,098	321	-
Gain on disposal of property, plant and equipment	458,435	136,726	-	-
Investment income:-				
- current year	228,227	374,276	-	-
- prior year	-	(1,453,337)	-	-
Rental income	184,477	192,000	256,000	384,000

Notes To The Financial Statements (Continued)

25. FINANCE COSTS

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Interest expenses on:-				
- bank overdrafts	36,241	39,270	1,468	4,472
- bankers' acceptances and revolving credits	451,613	786,911	98,371	-
- hire purchases payabales	333,588	458,915	-	-
- term loans	2,750,385	4,837,106	62,421	-
	3,571,827	6,122,202	162,260	4,472

26. TAXATION

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Income tax				
- current year	(1,463)	(19,207)	(1,463)	-
- underaccrual in pior years	(19,729)	130,853	(19,729)	-
	(21,192)	111,646	(21,192)	-
Deferred tax				
- current year	-	-	-	-
- overaccrual in prior years	-	580,921	-	-
	-	580,921	-	-
	(21,192)	692,567	(21,192)	-

The income tax is calculated at Malaysian statutory rate of 25% of the estimated assessable profit for the fiscal year.

Notes To The Financial Statements (Continued)

26. TAXATION (continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit before taxation	3,724,089	25,531,682	5,959,353	30,890,150
Taxation at applicable tax rate of 25%	(931,022)	(6,382,921)	(1,489,838)	(7,722,538)
Tax effects arising from:-				
- income not subject to tax	-	784,182	-	-
- expenses not deductible for tax purposes	(170,704)	(1,606,374)	(62,508)	(142,608)
- double deduction	-	-	-	-
- deferred tax assets not recognised	1,100,263	7,185,906	1,550,883	7,865,146
- (under)/over accrual in prior years:-				
- income tax	(19,729)	130,853	(19,729)	-
- deferred tax	-	580,921	-	-
Tax expense for the financial year	(21,192)	692,567	(21,192)	-

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Property, plant and equipment	960,987	382,301	236,485	29,386
Unabsorbed losses carry forward	(24,543,977)	(30,289,292)	(21,236,736)	(27,233,169)
Unrealised capital allowance carry forward	(3,679,538)	(1,756,587)	-	-
	(27,262,528)	(31,663,578)	(21,000,251)	(27,203,783)
Potential deferred tax assets not recognised	(6,815,632)	(7,915,895)	(5,250,063)	(6,800,946)

Notes To The Financial Statements (Continued)

27. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group 2014 RM	Group 2013 RM
Net profit attributable to owners of the parent	3,702,897	26,224,249
Weighted average number of ordinary shares in issue	702,254,260	702,254,260
Basic earnings per ordinary share of RM0.10 (sen)	0.53	3.73

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

(b) Diluted Earnings Per Share

The basic and diluted earnings per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 31 December 2014.

28. FINANCIAL GUARANTEES

As of 31 December 2014, the Company is contingently liable in respect of guarantees given mainly for banking facilities totalling RM42,678,029/- (2013: RM42,678,029/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

(i) Direct subsidiaries;

(ii) Indirect subsidiaries;

(iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

Notes To The Financial Statements (Continued)

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) **Significant Related Party Transactions and Balances**

During the financial year, the significant related party transactions are as follows:-

	Company 2014 RM	Company 2013 RM
Telecommunication sales charged to a subsidiary		
- Instacom Engineering Sdn. Bhd.	(30,294,477)	(54,290,076)
Rental income from a subsidiary		
- Instacom Construction Sdn. Bhd.	(192,000)	(192,000)
Rental expenses paid to a subsidiary		
- Instacom Construction Sdn. Bhd.	3,442,300	3,825,333
Contractor fees paid to a subsidiary		
- Instacom Construction Sdn. Bhd.	3,460,004	3,158,561
Labour charges paid to a subsidiary		
- Instacom Construction Sdn. Bhd.	864,605	1,536,378

30. SEGMENT REPORTING

The Group adopted MFRS 8 Operating Segments. MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three reportable operating segments as follows:-

(a) Investment holding;

(b) Telecommunication, engineering and services; and

(c) Others.

Except as above, no other operating segment has been aggregated to form the above reportable operating segments.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment profit or loss is profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, income from other investment and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

All the Group's assets and liabilities are allocated to reportable segments other than deferred tax assets and deferred tax liabilities.

Notes To The Financial Statements (Continued)

30. SEGMENT REPORTING (continued)

Group 2014	Investment Holding RM	Telecommunication, engineering and services RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue						
External sales	-	66,008,423	-	-		66,008,423
Inter-segment sales	-	40,907,644	-	(40,907,644)	(a)	-
Total revenue	-	106,916,067	-	(40,907,644)		66,008,423
Results						
Segment results	(361,664)	9,445,667	(5,778)	(16,206)	(a)	9,062,019
Depreciation and amortisation	-	(2,316,408)	-	-		(2,316,408)
Finance costs	-	(3,343,600)	(228,227)	-		(3,571,827)
Income tax expenses	-	(21,192)	-	-		(21,192)
Interest income	-	322,078	228,227	-		550,305
Net profit for the financial year						3,702,897
Assets						
Segment assets	102,000,000	236,751,675	1,201,025	(198,513,307)	(b)	141,439,393
Goodwill	75,759,818	-	-	-		75,759,818
Tax recoverable	-	782,346	-	-		782,346
Consolidated total assets						217,981,557
Other information						
Addition to property, plant and equipment	-	784,844	-	-		784,844
Liabilities						
Segment liabilities	-	98,306,132	402,594	(93,220,028)	(c)	5,488,698
Loans and borrowings	-	44,996,874	-	-		44,996,874
Tax payables	-	1,463	-	-		1,463
Consolidated total liabilities						50,487,035

Notes To The Financial Statements (Continued)

30. SEGMENT REPORTING (continued)

Group 2013	Investment Holding RM	Telecommunication, engineering and services RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue						
External sales	-	120,433,847	-	-		120,433,847
Inter-segment sales	-	67,490,420	3,861,752	(71,352,172)	(a)	-
Total revenue	-	187,924,267	3,861,752	(71,352,172)		120,433,847
Results						
Segment results	(348,935)	33,402,300	(11,414)	-		33,041,951
Depreciation and amortisation	-	(2,370,165)	-	-		(2,370,165)
Finance costs	-	(6,122,202)	-	-		(6,122,202)
Income tax expenses	-	690,156	2,411	-		692,567
Interest income	-	982,098	-	-		982,098
Net profit for the financial year						26,224,249
Assets						
Segment assets	102,000,000	200,607,410	11,246,496	(160,412,210)	(b)	153,441,696
Goodwill	75,759,818	16,206	-	-		75,776,024
Other investment	-	-	7,120,910	-		7,120,910
Tax recoverable	-	1,061,150	-	-		1,061,150
Consolidated total assets						237,399,780
Other information						
Addition to property, plant and equipment	-	2,625,847	-	-		2,625,847
Liabilities						
Segment liabilities	-	63,889,739	10,442,289	(52,582,846)	(c)	21,749,182
Loans and borrowings	-	51,858,973	-	-		51,858,973
Consolidated total liabilities						73,608,155

Notes To The Financial Statements (Continued)

30. SEGMENT REPORTING (continued)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(a) Inter-segment transactions and revenue are eliminated on consolidation;

(b) Inter-segment assets are eliminated on consolidation; and

(c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments
No information is prepared on the geographical segment as the Group principally operates within Malaysia.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of Fair Value
The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	Note
Financial assets	
Finance receivables	8
Trade and other receivables	9
Other investment	11
Amount owing by subsidiaries	12
Fixed deposits with licensed banks	13
Cash and bank balances	14
Financial liabilities	
Trade and other payables	21
Amount owing to subsidiaries	12
Amount owing to directors	22
Loans and borrowings (floating rate)	18

The carrying amounts of cash and bank equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

(b) Fair Value Hierarchy
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:-

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes To The Financial Statements (Continued)

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair Value Hierarchy (continued)

Fair value of financial instruments not carried at fair value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
2014				
Financial liabilities				
Hire purchase payables	-	-	4,445,622	4,445,622
Term loans	-	-	14,516,272	14,516,272
	-	-	18,961,894	18,961,894
2013				
Financial liabilities				
Hire purchase payables	-	-	7,063,343	7,063,343
Term loans	-	-	10,304,835	10,304,835
	-	-	17,368,178	17,368,178
Company				
2014				
Financial liabilities				
Term loans	-	-	3,935,006	3,935,006

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes To The Financial Statements (Continued)

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

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

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

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

The Group and the Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments whilst the Company has significant exposure and major concentration of credit risk relating to amount due from subsidiary companies.

Information regarding credit enhancements for trade receivables is disclosed in Note 9 to the financial statements.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9 to the financial statements. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 9 to the financial statements.

Inter-company balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The financial guarantees have not been recognised as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantees is RM Nil.

(b) Liquidity Risk

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

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Maturity analysis

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

Notes To The Financial Statements (Continued)

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(b) Liquidity Risk (continued)

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2014					
Financial liabilities					
Trade and other payables	5,433,092	5,433,092	5,433,092	-	-
Amount owing to directors	55,606	55,606	55,606	-	-
Hire purchase payables	4,445,622	4,775,864	2,094,550	2,679,454	1,860
Term loans	14,516,272	14,516,272	2,758,197	8,030,840	3,727,235
Other bank borrowings	26,034,980	26,034,980	26,034,980	-	-
	50,485,572	50,815,814	36,376,425	10,710,294	3,729,095
2013					
Financial liabilities					
Trade and other payables	11,745,449	11,745,449	11,745,449	-	-
Amount owing to directors	3,732	3,732	3,732	-	-
Hire purchase payables	7,063,343	7,707,701	2,716,830	4,990,871	-
Term loans	10,304,835	10,304,835	1,948,367	6,607,886	1,748,582
Other bank borrowings	44,490,796	44,490,796	44,490,796	-	-
	73,608,155	74,252,513	60,905,174	11,598,757	1,748,582
Company					
2014					
Financial liabilities					
Trade and other payables	2,579,894	2,579,894	2,579,894	-	-
Term loans	3,935,006	3,935,006	118,029	533,625	3,283,352
Other bank borrowings	1,298,000	1,298,000	1,298,000	-	-
	7,812,900	7,812,900	3,995,923	533,625	3,283,352
2013					
Financial liabilities					
Trade and other payables	2,871,968	2,871,968	2,871,968	-	-
Term loans	-	-	-	-	-
	2,871,968	2,871,968	2,871,968	-	-

Notes To The Financial Statements (Continued)

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(c) Interest Rate Risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Group	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
2014					
Financial asset					
Fixed deposits placed with licensed banks	3.00 - 3.35	6,269,637	-	-	6,269,637
Financial liabilities					
Bankers' acceptances	3.87 - 6.14	6,476,000	-	-	6,476,000
Bank overdrafts	8.10 - 8.35	6,939	-	-	6,939
Revolving credits	7.00 - 7.25	19,552,041	-	-	19,552,041
Hire purchase payables	2.30 - 5.72	1,902,606	2,541,181	1,835	4,445,622
Term loans	4.85 - 6.23	2,758,197	8,030,840	3,727,235	14,516,272
2013					
Financial asset					
Fixed deposits placed with licensed banks	3.05 - 3.29	12,057,411	-	-	12,057,411
Financial liabilities					
Bankers' acceptances	4.69 - 7.85	4,512,000	-	-	4,512,000
Bank overdrafts	8.10	3,600	-	-	3,600
Revolving credits	7.00 - 7.25	29,975,196	-	-	29,975,196
Medium Term Notes	-	10,000,000	-	-	10,000,000
Hire purchase payables	2.30 - 4.41	2,389,210	4,674,133	-	7,063,343
Term loans	4.30 - 5.74	1,948,367	6,607,886	1,748,582	10,304,835
Company					
2014					
Financial liabilities					
Bankers' acceptances	3.87	1,298,000	-	-	1,298,000
Term loans	4.85	118,029	533,625	3,283,352	3,935,006

Notes To The Financial Statements (Continued)

32. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(c) Interest Rate Risk (continued)

Sensitivity analysis for interest rate

At the end of the reporting period, if interest rates had been 1% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM342,816/- (2013: RM427,382/-) and RM52,330/- (2013: RM nil) higher/lower respectively, arising mainly as a result of a lower/higher of interest expenses from pre-determined rate of borrowings and fixed deposits. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

(d) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price or services rendered of the Group's products and purchase prices of the key raw materials used in the operations. The management conducts constant survey of the global market price and trend in order to determine the selling price.

33. CAPITAL MANAGEMENT

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

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Group and the Company monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's and the Company's policy is to keep the gearing ratio between 20% to 40%. The Group and the Company includes within total debts, trade and other payables, amount owing by directors and loans and borrowings. Capital includes equity attributable to the owners of the parent.

The gearing ratio of the Group and of the Company is as follows:-

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Trade and other payables	21	5,433,092	11,745,449	2,579,894	2,871,968
Amount owing by directors	22	55,606	3,732	-	-
Loans and borrowings	18	44,996,874	61,858,974	5,233,006	-
Total debts		50,485,572	73,608,155	7,812,900	2,871,968
Equity attributable to owners of the parent		167,494,522	163,791,625	166,942,491	161,004,330
Capital and total debts		217,980,094	237,399,780	174,755,391	163,876,298
Gearing ratio		23.2%	31.0%	4.5%	1.8%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Notes To The Financial Statements (Continued)

34. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 2 October 2014, the Company had entered into a conditional share sale agreement for the proposed acquisition by Instacom Group Berhad of 1,400,000 ordinary shares of RM1/- each in Neata which representing 35% of the equity interest in Neata. Total purchase consideration for the proposed acquisition is RM58,800,000/- by way of issuance of 309,473,684 ordinary shares of RM0.10 each at an issue price of RM0.19 per share.

(b) On 18 February 2015, the Company had acquired 51% interest in a newly incorporated subsidiary, Instacom Group SA in Cape Town, South Africa under the Companies Act no.71, 2008 of South Africa. Instacom Group SA is a private limited company with a paid up capital of South Africa Rand ("ZAR") 1,000,000/- comprising 1,000,000 ordinary shares of ZAR1 each. The Company owned 51% of shares in Instacom Group SA and the remaining 49% is held by Victory Parade Trading 182 (Pty) Ltd. On 31 March 2015, Instacom Group SA changed its name to Teltora (Pty) Ltd.

35. PRIOR YEAR ADJUSTMENTS

(a) During the financial year, the management noted the accounting errors in the financial statements of the Group and of the Company for the financial year ended 31 December 2013.

(i) Trade and other receivables were wrongly reclassified into finance receivables in the statement of financial position of the Group for year ended 31 December 2013.

(ii) Amount owing by subsidiaries and amount owing to subsidiaries were wrongly net off in the statement of financial position of the Company for year ended 31 December 2013.

Accordingly, the financial statement for the financial year ended 31 December 2013 has been restated to correct the errors. The effects of the adjustments are disclosed in Note 35(b) to the financial statements.

(b) The following comparative figures have been restated to incorporate the prior year adjustments:-

	Note	As previously stated 2013 RM	Reclassification RM	As restated 2013 RM
Group				
Statement of Financial Position				
Current assets				
Finance receivables	35(a)(i)	19,518,021	(15,188,959)	4,329,062
Trade and other receivables	35(a)(i)	37,548,921	15,188,959	52,737,880
Company				
Statement of Financial Position				
Current assets				
Amount owing by subsidiaries	35(a)(ii)	8,039,578	8,789,943	16,829,521
Current liabilities				
Amount owing to subsidiaries	35(a)(ii)	-	(8,789,943)	(8,789,943)

Notes To The Financial Statements (Continued)

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 December 2014 are as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries				
- realised	59,988,941	56,269,838	35,853,451	29,915,290
- unrealised	-	-	-	-
	59,988,941	56,269,838	35,853,451	29,915,290
Less: Consolidation adjustments	(23,583,459)	(23,567,253)	-	-
Total retained profits	36,405,482	32,702,585	35,853,451	29,915,290
Total retained profits as per statements of financial position	36,405,482	32,702,585	35,853,451	29,915,290

The determination of realised and unrealised profits is based on Guidance of 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*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Analysis Of Shareholdings

Shareholding Structure As At 28 April 2015

Share Capital

Authorised Share Capital	**RM200,000,000**
Issued and fully paid-up capital	**RM101,172,795**
Class of shares	**Ordinary Shares of RM0.10 each**
Voting Rights	**One vote per share**

Distribution Of Shareholdings As At 28 April 2015

	No. of holders	%	No. of shares	%
Less than 100	193	2.13	6,634	0.00
100 - 1,000	538	5.94	310,789	0.03
1,001 - 10,000	3,357	37.05	18,180,103	1.80
10,001 - 100,000	4,177	46.10	167,685,211	16.57
100,001 and below 5%	793	8.75	519,314,298	51.33
5% and above	3	0.03	306,230,910	30.27
TOTAL	**9,061**	**100.00**	**1,011,727,945**	**100.00**

Substantial Shareholders As At 28 April 2015

Name	Direct Interest	%	Deemed Interest	%
Anne Kung Soo Ching	76,900,000	7.6	-	-
Chan Chuck Yan	70,225,500	6.9	-	-
Ang Li-Hann	159,105,410	15.7	-	-

Directors' Shareholding As At 28 April 2015

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Anne Kung Soo Ching	76,900,000	7.6	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Analysis Of Shareholdings

Shareholding Structure As At 28 April 2015 (continued)

List Of 30 Largest Shareholders As At 28 April 2015

No.	Name	No. Of Shares	%
1	Ang Li-Hann	117,798,363	11.6%
2	Anne Kung Soo Ching	51,900,000	5.1%
3	Chia Kok Chin	50,000,000	4.9%
4	Ngu Sing Hieng	46,817,000	4.6%
5	RHB Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad For Ang Li-Hann*	41,307,047	4.1%
6	Chan Chuck Yan	35,112,788	3.5%
7	Chan Chuck Yan	35,112,712	3.5%
8	Chia Kok Seng	32,324,502	3.2%
9	Ooi Eng Kean	32,324,502	3.2%
10	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Teck Piow*	29,182,500	2.9%
11	Anne Kung Soo Ching	25,000,000	2.5%
12	Wong Say Khim	23,816,949	2.4%
13	Nor Mohd Amin Bin Shaharudin	19,394,738	1.9%
14	Ha Mun Keet	17,075,075	1.7%
15	Nor Haslinda Binti Abdul Hamid	15,000,000	1.5%
16	RHB Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad For Chia Kok Seng*	8,201,740	0.8%
17	RHB Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad For Ooi Eng Kean*	8,201,740	0.8%
18	RHB Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad For Nor Mohd Amin Bin Shaharudin*	4,921,052	0.5%
19	Fan Ruey Yin	4,500,000	0.4%
20	Oh Teik Chye	2,812,000	0.3%
21	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Oon Poh Choo (7000110)*	2,800,000	0.3%
22	Oh Teik Chye	2,594,000	0.3%
23	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Goh Boon Han @ Frankie Goh (E-JAH)*	2,269,200	0.2%
24	HSBC Nominees (Asing) Sdn Bhd *Exempt An For Bank Julius Baer & Co. Ltd. (Singapore BCH)*	1,500,000	0.1%
25	SJ SEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Michael Lee Fook Soon (SMT)*	1,500,000	0.1%
26	Tan Hai Khoon	1,500,000	0.1%
27	Chim Mooi Hong	1,400,000	0.1%
28	Lim Yoon Loy	1,377,200	0.1%
29	Low Soo Ha @ Low Cheen Chong	1,300,000	0.1%
30	Lau Hau Kuak	1,200,000	0.1%

Analysis Of Warrantholdings - Warrant B 2013/2018

Warrantholding Structure As At 28 April 2015

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 28 April 2015

	No. of holders	%	No. of Warrants	%
Less than 100	313	5.2%	9,901	0.0%
100 - 1,000	1,110	18.5%	574,694	0.2%
1,001 - 10,000	2,316	38.6%	9,327,166	2.7%
10,001 - 100,000	1,668	27.8%	74,165,571	21.1%
100,001 and below 5%	590	9.8%	240,864,048	68.6%
5% and above	1	0.0%	26,185,750	7.5%
TOTAL	**5,998**	**100.0%**	**351,127,130**	**100.0%**

Directors' Warrantholding As At 28 April 2015

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Anne Kung Soo Ching	-	-	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Analysis Of Warrantholdings - Warrant B 2013/2018

Warrantholding Structure As At 28 April 2015 (continued)

List Of 30 Largest Warrantholders A As At 28 April 2015 - Warrant B 2013/2018

No.	Name	No. Of Warrants	%
1	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sher Khan Bin Khan Mohamad (CEB)*	26,185,750	7.5%
2	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Nor Azizy Binti Abdul Aziz (CEB)*	7,224,500	2.1%
3	Yap Chee Kuan	4,616,800	1.3%
4	Goh Kah Yen	4,196,700	1.2%
5	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Cheng Chai*	4,000,000	1.1%
6	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yong Kwee Lian*	4,000,000	1.1%
7	Chua Chin Chyang	3,750,000	1.1%
8	Zainal Ariffin Bin Osman	3,000,000	0.9%
9	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chuah Swee Huat (E-KLC)*	2,798,800	0.8%
10	Lum Yin Mui	2,715,000	0.8%
11	Lim Yong Teng	2,540,450WW W W	0.7%
12	Puah Boon Chin	2,475,900	0.7%
13	Maybank Nominees (Tempatan) Sdn Bhd *Cheng Siew Fong*	2,400,000	0.7%
14	Lee Chee Keong	2,350,000	0.7%
15	Teh Soo Pei	2,300,000	0.7%
16	Chan Quan Yew	2,200,000	0.6%
17	Lim Ee Lid	2,173,500	0.6%
18	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeo Huat Hing (Margin)*	2,100,050	0.6%
19	Zaman Khan Bin Meera Khan	2,050,000	0.6%
20	Mas Fadzillah Khan Bin Ali	2,030,000	0.6%
21	Fami Taufeq Bin Fakarudin	1,900,000	0.5%
22	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Chin Seoh*	1,850,000	0.5%
23	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Liew San Wai*	1,809,500	0.5%
24	Nur Sabrina Binti Saharuddin	1,776,700	0.5%
25	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Aik Yun Kim @ Yek Yue Kiew*	1,700,000	0.5%
26	Woo Cheang Sim	1,700,000	0.5%
27	Lim Shuh Ling	1,600,000	0.5%
28	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chong Geok Ling*	1,520,700	0.4%
29	Tan Hai Khoon	1,500,000	0.4%
30	Imran Khan Eusufzye Bin Zaman Khan	1,450,000	0.4%

Analysis Of Warrantholdings - Warrant C 2015/2020

Warrantholding Structure As At 28 April 2015

Type of Securities	**Warrants 2015/2020**
Voting Rights	**One vote per warrant in respect of a meeting of warrant holders**

Distribution Of Warrantholdings As At 28 April 2015

	No. of holders	%	No. of Warrants	%
Less than 100	357	4.6%	10,356	0.0%
100 - 1,000	2,359	30.4%	1,217,507	0.9%
1,001 - 10,000	3,912	50.3%	17,277,792	12.3%
10,001 - 100,000	1,051	13.5%	29,126,440	20.7%
100,001 and below 5%	88	1.1%	46,895,529	33.4%
5% and above	4	0.1%	45,923,228	32.7%
TOTAL	**7,771**	**100.0%**	**140,450,852**	**100.0%**

Directors' Warrantholding As At 28 April 2015

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Anne Kung Soo Ching	15,380,028	11.0	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Analysis Of Warrantholdings - Warrant C 2015/2020

Warrantholding Structure As At 28 April 2015 (continued)

List Of 30 Largest Warrantholders A As At 28 April 2015 - Warrant C 2015/2020

No.	Name	No. Of warrants	%
1	Chan Chuck Yan	14,045,100	10.0%
2	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Teck Piow*	12,134,700	8.6%
3	Anne Kung Soo Ching	10,380,028	7.4%
4	Ngu Sing Hieng	9,363,400	6.7%
5	Anne Kung Soo Ching	5,000,000	3.6%
6	Wong Say Khim	4,763,389	3.4%
7	Leow Hong Yen	4,500,000	3.2%
8	Chia Kok Chin	4,390,000	3.1%
9	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeo Huat Hing (Margin)*	3,391,580	2.4%
10	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sher Khan Bin Khan Mohamad (CEB)*	2,438,000	1.7%
11	Heng Yong Kang @ Wang Yong	2,000,000	1.4%
12	Giam Swee Chin	1,300,000	0.9%
13	Lee Mee Kuen	1,277,100	0.9%
14	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Heng Yong Kang @ Wang Yong Kang (6000303)*	800,000	0.6%
15	Oh Teik Chye	762,400	0.5%
16	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Oon Poh Choo (7000110)*	600,000	0.4%
17	Tan Ai Leng	520,000	0.4%
18	Oh Teik Chye	518,800	0.4%
19	Tan Lee Swee	500,000	0.4%
20	Teong Jin Yan	500,000	0.4%
21	Lee May Kuen	440,000	0.3%
22	Lim Tong Hock	400,015	0.3%
23	Poh Ei Lin	383,000	0.3%
24	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Goh Boon Han @ Frankie Goh (E-JAH)*	353,840	0.3%
25	Fan Ruey Yin	350,000	0.2%
26	Yat Yee Tong	332,000	0.2%
27	HSBC Nominees (Asing) Sdn Bhd *Exempt An For Bank Julius Baer & Co. Ltd. (Singapore BCH)*	300,000	0.2%
28	Low Chong Kiat	300,000	0.2%
29	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Nor Azizy Binti Abdul Aziz (CEB)*	300,000	0.2%
30	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Michael Lee Fook Soon (SMT)*	300,000	0.2%

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of the Company will be held at Gunung Gading, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Tuesday, 23 June 2015 at 3.00 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 2014 and the Reports of Directors and Auditors thereon.	**Resolution 1**
2.	To approve the payment of Directors' fees amounting to RM114,500 for the financial year ended 31 December 2014.	**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) Choo Seng Choon	**Resolution 3**
	(b) Tay Mun Kit	**Resolution 4**
4.	To re-appoint the Director, Ar. Lim Tong Hock who retires in accordance with Article 92(2) of the Company's Articles of Association	**Resolution 5**
5.	To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration.	**Resolution 6**
	AS SPECIAL BUSINESS	
	To consider and, if deemed fit, to pass the following resolutions :	
6.	**Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.**	**Resolution 7**
	"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."	
7.	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
29 May 2015

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 15 June 2015 shall be entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on their behalf.*

9. *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 May 2015.*

Notice Of Annual General Meeting (continued)

1. Explanatory notes on Ordinary Business :-
Ordinary Resolution 1
Audited Financial Statement for the financial year ended 31 December 2014

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 7
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 13th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the 12th AGM of the Company held on 20 June 2014 (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 13th Annual General Meeting ("AGM")**

   The 13th AGM of the Company will be held as follows :-

   Date : Tuesday, 23 June 2015

   Time : 3.00 p.m.

   Venue : Gunung Gading, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak

2. **Directors who are standing for re-election/re-appointment at the 13th AGM**

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

   (a) Choo Seng Choon
   (b) Tay Mun Kit

   Director standing for re-election pursuant to Article 92(2) of the Company's Articles of Association :-

   (a) Ar. Lim Tong Hock

3. **Board Meetings held in the financial period ended 31 December 2014**

   Five (5) Board meetings were held during the financial year ended 31 December 2014. A record of the Directors' attendances at the Board meetings is presented in the "Statement of Corporate Governance" appearing on pages 10 to 14 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 15 June 2015, 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.

INSTACOM

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Form Of Proxy

CDS Account No. :	
No. of Shares Held :	

I/ We ______________________________ *NRIC/ Company no. ______________
(Full Name In Block Capital)

of ____
(Full Address)

being *a member / members of **INSTACOM GROUP BERHAD (596299-D)** hereby appoint ______________

______________________________ *NRIC No./ Passport No. ______________
(Full Name In Block Capital)

of ____
(Full Address)

or failing *him/ her ______________________________ *NRIC No./ Passport No. ______________
(Full Name In Block Capital)

of ____
(Full Address)

or failing *him/ her the Chairman of the Meeting as *my/ our proxy/ proxies to attend, speak and vote for *me/ us on *my/ our behalf at the 13th Annual General Meeting of Instacom Group Berhad ("Company") to be held at Gunung Gading, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Tuesday, 23 June 2015 at 3.00 p.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below:-

	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the Financial Year Ended 31 December 2014 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees amounting to RM114,500 for the Financial Year Ended 31 December 2014.		
3.	To re-elect the Director, Mr. Choo Seng Choon who retires in accordance with Article 116 of the Company's Articles of Association.		
4.	To re-elect the Director, Mr. Tay Mun Kit who retires in accordance with Article 116 of the Company's Articles of Association.		
5.	To re-appoint the Director, Ar. Lim Tong Hock who retires in accordance with Article 92(2) of the Company's Articles of Association.		
6.	To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration.		
	AS SPECIAL BUSINESS		
7.	To approve 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 resolutions or abstain from voting as the proxy thinks fit.

**Strike out whichever is not desired*

Signed this ____________ day of ______________________2015

______________________________ ______________________________

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 prox(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 provision 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 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 members whose names appear in the Record of Depositors as at 15 June 2015 shall be entitled to attend, speak and vote at this meeting or appoint prox(ies) to attend, speak and to vote on their behalf.*

9) *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 29 May 2015.*

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AFFIX
STAMP

The Company Secretaries
INSTACOM GROUP BERHAD (596299-D)
No. 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

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