



# Directors' Report and Audited Financial Statements

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# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## Principal activities

The principal activities of the Company are that of investment holding, contractors and infrastructure development, provision of management and consultancy services. The principal activities of the subsidiaries are described in Note 17 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit net of tax	20,010 =====	3,650 =====
Profit attributable to:		
Equity holders of the Company	19,106	3,650
Non-controlling interests	904 -----	- -----
	20,010 =====	3,650 =====

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

## Reserves and provisions

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

## Dividends

The dividends paid by the Company since 31 December 2015 were as follows:

	RM'000
In respect of the financial year ended 31 December 2015 as reported in the directors' report of that year:	
Final single tier dividend of 5.0 sen per ordinary share on 317,050,000 ordinary shares declared on 31 March 2016 and paid on 29 July 2016	15,853 =====

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 3.0 sen per ordinary share on 317,050,000 ordinary shares, amounting to a dividend payable of RM9,511,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2017.

# Directors' Report

## Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato Sri Mahmud Abu Bekir Taib	
Datuk Fong Joo Chung	
Tan Sri Dato' Seri H'ng Bok San	
Yek Siew Liong	
Toh Chee Ching	
Datuk Kevin How Kow	
Dato' Ahmad Redza bin Abdullah	
Erman bin Radin	
Kon Ted Liuk	(Alternate director to Tan Sri Dato' Seri H'ng Bok San)
Dato Hajjah Hanifah Hajar Taib	(Appointed on 11 May 2016)
Datuk Rozimi bin Remeli	(Appointed on 11 May 2016)
Redzuan bin Rauf	(Appointed on 11 May 2016)

## Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than those disclosed in Note 35 to the financial statements.

## Directors' interests

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

	Number of Ordinary Shares of RM0.50 Each			As at 31.12.2016
	As at 1.1.2016	Bought	Sold	
Direct Interest:				
Dato Sri Mahmud Abu Bekir Taib	57,825,000	-	-	57,825,000
Datuk Fong Joo Chung	560,200	-	(110,000)	450,200
Tan Sri Dato' Seri H'ng Bok San	237,240	-	-	237,240
Yek Siew Liong	5,855,000	-	-	5,855,000
Toh Chee Ching	36,201,996	345,500	(5,000,000)	31,547,496
Erman bin Radin	122,160	-	-	122,160
Indirect Interest:				
Dato Sri Mahmud Abu Bekir Taib	27,682,000	-	(1,600,000)	26,082,000 <sup>1</sup>
Toh Chee Ching	2,574,000	100,000	-	2,674,000 <sup>2</sup>
Tan Sri Dato' Seri H'ng Bok San	37,446,000	-	-	37,446,000 <sup>3</sup>
Yek Siew Liong	31,682,000	1,600,000	(1,600,000)	31,682,000 <sup>4</sup>

- 1 Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act").
- 2 Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn. Bhd. and his spouse's interest pursuant to Section 8(4) and Section 59(11)(c) of the Act respectively.
- 3 Deemed interested by virtue of his interest in Hng Capital Sdn. Bhd. and his son's shareholding pursuant to Section 8(4) and Section 59(11)(c) of the Act respectively.
- 4 Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 8(4) of the Act.

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

# Directors' Report

## Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## Significant and subsequent events

The significant and subsequent events are disclosed in Note 41 to the financial statements.

## Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2017.

**Datuk Fong Joo Chung**

**Toh Chee Ching**

# Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

We, **Datuk Fong Joo Chung** and **Toh Chee Ching**, being two of the directors of **Sarawak Cable Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 56 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and the cash flows for the year then ended.

The supplementary information set out in Note 43 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2017.

**Datuk Fong Joo Chung**

**Toh Chee Ching**

# Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Teoh Wen Jinq**, being the officer primarily responsible for the financial management of **Sarawak Cable Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 56 to 127 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed **Teoh Wen Jinq**  
at Kuching in the State of Sarawak  
on 12 April 2017

**Teoh Wen Jinq**

Before me,

Phang Dah Nan  
Commissioner for Oaths (Q119)  
Kuching, Sarawak

# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of **Sarawak Cable Berhad**, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements. We have identified two key audit matters as follows:

#### 1. Revenue from long-term transmission lines construction contracts

A significant proportion of the Group's revenues and profits are derived from long-term transmission lines construction contracts which spans over more than one accounting period. As disclosed in Note 4 to the financial statements, for the financial year ended 31 December 2016, the Group's recorded construction contract revenue of RM386 million representing approximately 29.7% of the Group's total revenue. The Group uses the percentage-of-completion method in accounting for the revenue arising from construction contracts. The process to measure the amount of revenue to recognize in construction revenue, including the determination of the appropriate timing of recognition, involves significant management judgement. In making the judgement and estimation, management considers past experience and relies on the work of experts. We identified construction contract revenue as an area requiring special audit consideration as this area involved significant management's judgement and estimates.

During our audit, we focused on the following areas:

- (a) Judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue;
- (b) Judgement and estimates made in respect of claims from the customer as reimbursement for costs not included in the contract price. The measurement of such amounts is subject to a high level of uncertainty and often depends on the outcome of negotiations; and

# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements (contd.)

### Key audit matters (contd.)

#### 1. Revenue from long-term transmission lines construction contracts (contd.)

- (c) Estimates made in respect of the estimated total contract costs for the contracts (which information is used in the computation of the percentage-of-completion).

Among others, our audit included:

- Reading the various contracts and project meeting minutes to obtain an understanding of the specific terms and conditions, performance and status of the contracts;
- Obtaining an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including internal controls performed by the management in estimating variation orders, claims, total contract costs, profit margin and computation of the percentage-of-completion of the contracts;
- With respect to variations in contract works and claims for costs not included in the contract price, checking the amounts to approved variation order forms and minutes of meeting for negotiated amounts;
- Performing verification of cost incurred e.g. vouching to invoices and accrual of cost related to works performed till the reporting date;
- Assessing the reasonableness of the estimated total contract costs by reviewing inputs and assumptions used and reference to latest contractual information;
- Reviewing management's basis for the assessment for potential liquidated ascertained damages ("LAD") in light of the delay in completion of the contracts, and the basis for the determination of the amount of LAD required, if any; and
- Reviewing the computation of the percentage-of-completion by management.

#### 2. Impairment Assessment of Property, plant and equipment - helicopters

The Group is required to perform impairment test of non-current assets whenever there is an indication that the non-current assets may be impaired by comparing the carrying amount with its recoverable amount. As disclosed in Note 14 to the financial statements, included in property, plant and equipment of the Group at the reporting date were helicopters with the net carrying amount of RM154.4 million. These helicopters were underutilized and have been incurring operating losses during the financial year. These indicate that the helicopters may be impaired. The management has determined the recoverable amount of these helicopters based on fair value less costs to sell to be above the carrying value of helicopters and accordingly, no impairment was required. The fair values were derived from the resale values published by third party specialist in helicopter valuation. The carrying amount of these helicopters is significant to the audit due to the quantum and the estimation involved in determining their recoverable values, and hence has been identified as a key audit matter.

As part of the audit:

- We reviewed the source of management's estimate of fair value less costs to sell and assessed the appropriateness of the sources used;
- We compared the model, serial numbers, year manufactured and percentage of usage of the helicopters owned by the Group with similar particulars published by third party specialist and ensured the correct fair values being used; and
- For those helicopters with no published fair value information, the management estimated the fair value by reference to prior year's published resale values of similar types of helicopters, after taking into consideration certain appropriate adjustments. We have assessed the appropriateness of the adjustments made.



# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements (contd.)

### *Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the financial statements*

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements (contd.)

*Auditors' responsibilities for the audit of the financial statements (contd.)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 17 to the financial statements.

## Other reporting responsibilities

The supplementary information set out in Note 43 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

**YONG VOON KAR**  
1769/04/18 (J/PH)  
Chartered Accountant

Kuching, Malaysia  
Date: 12 April 2017

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Revenue</b>	4	1,297,782	1,454,443	163,704	437,085
Cost of sales		(1,188,981)	(1,334,812)	(142,638)	(382,718)
<b>Gross profit</b>		108,801	119,631	21,066	54,367
<b>Other items of income</b>					
Interest income	5	1,303	2,264	7,810	4,660
Other income	6	12,385	11,540	135	26
<b>Other items of expense</b>					
Marketing and distribution		(22,478)	(21,122)	-	-
Administrative expenses		(29,514)	(33,264)	(7,424)	(7,352)
Finance costs	7	(29,961)	(21,984)	(16,090)	(11,687)
Other expenses	8	(6,794)	(3,056)	-	-
<b>Profit before tax</b>	9	33,742	54,009	5,497	40,014
Income tax expense	12	(13,732)	(14,517)	(1,847)	(11,796)
<b>Profit for the year, net of tax</b>		20,010	39,492	3,650	28,218
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Exchange differences on translation of foreign operations, net of RM nil tax		934	770	-	-
Net movement of cash flow hedges		1,608	(684)	-	-
Income tax related to cash flow hedges		(493)	147	-	-
<b>Other comprehensive income, net of tax</b>		2,049	233	-	-
<b>Total comprehensive income for the year</b>		22,059	39,725	3,650	28,218
Profits attributable to:					
Equity holders of the Company		19,106	39,185	3,650	28,218
Non-controlling interests		904	307	-	-
		20,010	39,492	3,650	28,218

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2016 (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total comprehensive income attributable to:					
Equity holders of the Company		20,953	39,251	3,650	28,218
Non-controlling interests		1,106	474	-	-
		-----	-----	-----	-----
		22,059	39,725	3,650	28,218
		=====	=====	=====	=====
			<b>Group</b>		
		<b>2016</b>	<b>2015</b>		
Earnings per share attributable to equity holders of the Company (sen per share):					
Basic and Diluted	13	6.03	12.36		
		=====	=====		

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

# Statements of Financial Position

As at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	463,215	343,769	3,467	4,049
Intangible assets	15	2,519	2,714	-	-
Trade receivables	20	53,531	52,062	15,465	30,931
Other assets	16	-	107,646	-	-
Concession financial assets	28	83,729	63,586	-	-
Deferred tax assets	26	42,946	46,684	1,100	485
Investment in subsidiaries	17	-	-	400,641	399,140
		-----	-----	-----	-----
		645,940	616,461	420,673	434,605
		-----	-----	-----	-----
<b>Current assets</b>					
Inventories	18	119,135	153,811	-	-
Trade and other receivables	20	339,643	402,702	195,786	194,891
Other current assets	21	148,564	58,140	14,014	140
Tax recoverable		3,158	3,214	-	-
Cash and bank balances	22	74,365	65,445	7,247	10,684
Derivatives assets	27	762	27	-	-
		-----	-----	-----	-----
		685,627	683,339	217,047	205,715
		-----	-----	-----	-----
<b>TOTAL ASSETS</b>		1,331,567	1,299,800	637,720	640,320
		=====	=====	=====	=====
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Loans and borrowings	23	554,738	449,898	94,238	65,085
Trade and other payables	24	223,779	331,843	210,943	200,358
Other current liabilities	25	-	5,982	-	5,982
Income tax payable		2,598	3,532	1,816	3,492
Derivatives liabilities	27	19	1,362	-	-
		-----	-----	-----	-----
		781,134	792,617	306,997	274,917
		-----	-----	-----	-----
<b>Net current liabilities</b>		(95,507)	(109,278)	(89,950)	(69,202)
		-----	-----	-----	-----

# Statements of Financial Position

As at 31 December 2016 (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>(contd.)</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	23	180,495	142,595	58,642	73,526
Trade payables	24	23,508	27,868	20,275	27,868
Deferred tax liabilities	26	15,239	11,735	-	-
		<u>219,242</u>	<u>182,198</u>	<u>78,917</u>	<u>101,394</u>
<b>TOTAL LIABILITIES</b>		<u>1,000,376</u>	<u>974,815</u>	<u>385,914</u>	<u>376,311</u>
<b>Net assets</b>		<u>331,191</u>	<u>324,985</u>	<u>251,806</u>	<u>264,009</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	29	158,525	158,525	158,525	158,525
Reverse acquisition reserve		(37,300)	(37,300)	-	-
Share premium	29	79,796	79,796	79,796	79,796
Revenue reserves	30	127,502	124,249	13,485	25,688
Foreign currency translation reserve	31	330	(402)	-	-
Hedge reserve	32	578	(537)	-	-
		<u>329,431</u>	<u>324,331</u>	<u>251,806</u>	<u>264,009</u>
<b>Non-controlling interests</b>		<u>1,760</u>	<u>654</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>331,191</u>	<u>324,985</u>	<u>251,806</u>	<u>264,009</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,331,567</u>	<u>1,299,800</u>	<u>637,720</u>	<u>640,320</u>

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

# Statements of Changes in Equity

For the financial year ended 31 December 2016

Group	Attributable to equity holders of the Company					Total equity attributable to equity holders of the Company	Total equity		
	Share capital (Note 29)	Reverse acquisition reserve	Share premium (Note 29)	Foreign currency translation reserves (Note 31)	Hedge reserve (Note 32)			Revenue reserves (Note 30)	Non-controlling interests
<b>2016</b>									
<b>At 1 January 2016</b>	158,525	(37,300)	79,796	(402)	(537)	124,249	324,331	654	324,985
Profit for the year	-	-	-	-	-	19,106	19,106	904	20,010
Other comprehensive income	-	-	-	732	1,115	-	1,847	202	2,049
Total comprehensive income	-	-	-	732	1,115	19,106	20,953	1,106	22,059
<b>Transactions with owners:</b>									
Dividends on ordinary shares	158,525	(37,300)	79,796	330	578	143,355	345,284	1,760	347,044
	-	-	-	-	-	(15,853)	(15,853)	-	(15,853)
<b>Closing balance at 31 December 2016</b>	158,525	(37,300)	79,796	330	578	127,502	329,431	1,760	331,191
<b>2015</b>									
<b>At 1 January 2015</b>	158,525	(37,300)	79,796	(1,005)	-	96,161	296,177	180	296,357
Profit for the year	-	-	-	-	-	39,185	39,185	307	39,492
Other comprehensive income	-	-	-	603	(537)	-	66	167	233
Total comprehensive income	-	-	-	603	(537)	39,185	39,251	474	39,725
<b>Transactions with owners:</b>									
Dividends on ordinary shares	158,525	(37,300)	79,796	(402)	(537)	135,346	335,428	654	336,082
	-	-	-	-	-	(11,097)	(11,097)	-	(11,097)
<b>Closing balance at 31 December 2015</b>	158,525	(37,300)	79,796	(402)	(537)	124,249	324,331	654	324,985

# Statements of Changes in Equity

For the financial year ended 31 December 2016 (contd.)

## Company

	Note	Non-Distributable		Distributable	Total equity
		Share capital (Note 29) RM'000	Share premium (Note 29) RM'000	Revenue reserves (Note 30) RM'000	
<b>2016</b>					
<b>Opening balance at 1 January 2016</b>		158,525	79,796	25,688	264,009
Profit net of tax representing total comprehensive income		-	-	3,650	3,650
<b>Transaction with owners:</b>					
Dividends on ordinary shares	33	-	-	(15,853)	(15,853)
<b>Closing balance at 31 December 2016</b>		158,525	79,796	13,485	251,806
<b>2015</b>					
<b>Opening balance at 1 January 2015</b>		158,525	79,796	8,567	246,888
Profit net of tax representing total comprehensive income		-	-	28,218	28,218
<b>Transaction with owners:</b>					
Dividends on ordinary shares	33	-	-	(11,097)	(11,097)
<b>Closing balance at 31 December 2015</b>		158,525	79,796	25,688	264,009

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



# Statements of Cash Flows

For the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Operating activities</b>					
Profit before tax		33,742	54,009	5,497	40,014
<u>Adjustments for:</u>					
Allowance for impairment loss of trade and other receivables	9	199	1,107	-	-
Amortisation of intangible assets	9	195	913	-	-
Deposit written off	9	-	65	-	-
Depreciation of property, plant and equipment	14	21,857	19,502	420	370
Dividend income	4	-	-	(5,000)	-
Finance income from concessions financial assets	9	(3,750)	(2,192)	-	-
Gain on disposal of property, plant and equipment, net	9	(89)	(169)	-	-
Interest income	9	(1,303)	(2,264)	(7,810)	(4,660)
Interest expense	7	29,961	21,984	16,090	11,687
Inventories written down	9	1,656	130	-	-
Impairment of property, plant and equipment	9	-	172	-	-
Net fair value gain on derivatives		(469)	-	-	-
Property, plant and equipment written off	9	-	8	-	-
Reversal of allowance for impairment loss of trade receivables	9	(533)	(4,257)	-	-
Reversal of provision for inventories obsolescence	9	-	(292)	-	-
Unrealised gain on foreign exchange	9	(3,051)	(4,462)	-	-
Unwinding of discount on finance lease	9	(23)	(23)	-	-
Unwinding of discount on trade payables	9	-	87	-	-
		-----	-----	-----	-----
<b>Operating cash flows before working capital changes</b>		<b>78,392</b>	<b>84,318</b>	<b>9,197</b>	<b>47,411</b>
		-----	-----	-----	-----
<u>Changes in working capital:</u>					
Decrease/(increase) in inventories		33,020	(31,218)	-	-
Decrease/(increase) in trade and other receivables		61,924	57,315	14,571	(39,454)
Increase in concessions financial assets		(16,393)	(28,209)	-	-
(Increase)/decrease in other current assets		(91,007)	(12,872)	(19,571)	6,361
(Decrease)/increase in trade and other payables		(109,373)	(72,477)	2,991	19,884
(Decrease)/increase in derivative liabilities		(1,009)	685	-	-
		-----	-----	-----	-----
Total changes in working capital		(122,838)	(86,776)	(2,009)	(13,209)
		-----	-----	-----	-----

# Statements of Cash Flows

For the financial year ended 31 December 2016 (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows (used in)/generated from operations		(44,446)	(2,458)	7,188	34,202
Interest paid		(35,559)	(26,389)	(16,199)	(11,687)
Tax paid, net of refund		(6,852)	(13,329)	(4,138)	(9,718)
<b>Net cash flows (used in)/from operating activities</b>		<b>(86,857)</b>	<b>(42,176)</b>	<b>(13,149)</b>	<b>12,797</b>
<b>Investing activities</b>					
Additional investment in subsidiaries		-	-	(1,500)	(9,000)
Purchase of property, plant and equipment		(33,165)	(10,391)	(14)	(734)
Proceeds from disposal of property, plant and equipment		91	275	-	-
Interest received	5	1,303	2,264	7,810	4,660
Deposit paid for purchase of helicopters		-	(40,450)	-	-
Dividend received		-	-	5,000	-
<b>Net cash (used in)/from investing activities</b>		<b>(31,771)</b>	<b>(48,302)</b>	<b>11,296</b>	<b>(5,074)</b>
<b>Financing activities</b>					
Dividend paid on ordinary shares	33	(15,853)	(11,097)	(15,853)	(11,097)
Net drawdown from borrowings		140,557	102,439	12,303	500
(Increase)/decrease in cash and bank balances pledged for banks borrowings		(1,618)	1,329	(198)	2,036
<b>Net cash generated from/(used in) financing activities</b>		<b>123,086</b>	<b>92,671</b>	<b>(3,748)</b>	<b>(8,561)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,458</b>	<b>2,193</b>	<b>(5,601)</b>	<b>(838)</b>
<b>Effect of exchange rate changes</b>		<b>934</b>	<b>770</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 1 January</b>		<b>42,700</b>	<b>39,737</b>	<b>3,663</b>	<b>4,501</b>
<b>Cash and cash equivalents at 31 December</b>	22	<b>48,092</b>	<b>42,700</b>	<b>(1,938)</b>	<b>3,663</b>

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 1. Corporate information

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

The principal activities of the Company are that of investment holding, contractors and infrastructure development, provision of management and consultancy services. The principal activities of the subsidiaries are described in Note 17 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

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

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

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

### 2.2 Changes in accounting policies

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

On 1 January 2016, the Group and the Company adopted the following new and amended MFRSs and Annual Improvements which are mandatory for annual financial periods beginning on or after 1 January 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016

#### (a) Annual Improvements to MFRSs 2012 - 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

##### (i) MFRS 7: Financial Instruments - Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.2 Changes in accounting policies (contd.)

#### (a) Annual Improvements to MFRSs 2012 - 2014 Cycle (contd.)

##### (ii) MFRS 134: Interim Financial Reporting

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is applied retrospectively.

#### (b) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

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

The amendments do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

#### (c) Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

The amendments clarify 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. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are applied retrospectively and do not have any impact on the Group's financial statements as the Group does not apply the consolidation exception.

#### (d) Amendments to MFRS 101: Disclosure Initiatives

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

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

The amendments do not have any impact on the Group's and the Company's financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.2 Changes in accounting policies (contd.)

#### (e) Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS.

These amendments do not have any impact on the Group's and the Company's financial statements.

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle:	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

#### (a) Amendments to MFRS 107: Disclosure Initiative

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

#### (b) Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.3 Standards issued but not yet effective (contd.)

#### (b) Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (contd.)

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group's and the Company's financial statements.

#### (c) MFRS 15: Revenue from Contracts with Customers

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

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

#### (d) MFRS 9: Financial Instruments

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

#### (e) MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group plans to assess the potential effect of MFRS 16 on its financial statements in year 2017.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.4 Basis of consolidation

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

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

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

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

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

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

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

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

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

### Business combinations

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

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.4 Basis of consolidation (contd.)

#### Business combinations (contd.)

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

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

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

### 2.5 Subsidiaries

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

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

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

### 2.6 Foreign currency

#### (a) Functional and presentation currency

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

#### (b) Foreign currency transactions

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.6 Foreign currency (contd.)

#### (c) Foreign operations

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

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

### 2.7 Property, plant and equipment

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

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

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

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

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

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

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

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

### 2.8 Impairment of non-financial assets

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.8 Impairment of non-financial assets (contd.)

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

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

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

### 2.9 Financial assets

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

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

The Group and the Company determine the classification of its financial assets at initial recognition includes the following:

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

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

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

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

#### (b) Loans and receivables

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.9 Financial assets (contd.)

#### (b) Loans and receivables (contd.)

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

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

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

#### (c) Held-to-maturity investments

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

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

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

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

#### (d) Available-for-sale financial assets

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

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

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.10 Impairment of financial assets

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

#### (a) Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

#### (b) Unquoted equity securities carried at cost

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

#### (c) Available-for-sale financial assets

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

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

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

### 2.11 Cash and cash equivalents

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.12 Construction contracts

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

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

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

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

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

### 2.13 Inventories

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

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

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

### 2.14 Financial liabilities

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

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

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.14 Financial liabilities (contd.)

#### (b) Other financial liabilities

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

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

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

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

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

### 2.15 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

### 2.16 Borrowing costs

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

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

### 2.17 Employees benefits

#### Defined contribution plans

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.18 Leases

#### (a) As lessee

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

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

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

#### (b) As lessor

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

### 2.19 Revenue

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

#### (a) Sale of goods

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

#### (b) Construction contracts

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

#### (c) Dividend income

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

#### (d) Revenue from provision of helicopter services

Revenue is measured at the fair value of the consideration received or receivable. Revenue from provision of helicopter services is recognised net of discount as at when services are performed.

#### (e) Interest income from lease receivables

Interest income from lease receivables is recognised in the profit or loss using the effective interest rate method.

#### (f) Management fees and consultancy fees

Management fees and consultancy fees are recognised net of discount when services are performed.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.20 Taxes

#### (a) Current tax

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

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

#### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.20 Taxes (contd.)

#### (c) Goods and Services Tax ("GST")

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

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

### 2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.22 Share capital and share issuance expenses

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

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

### 2.23 Contingencies

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

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

### 2.24 Provisions

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.25 Fair value measurements

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

- Disclosures of significant estimates and assumptions Note 3, 28
- Quantitative disclosures of fair value measurement hierarchy Note 37
- Financial instruments Note 36

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

### 2.26 Intangible assets

#### (a) Goodwill

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.26 Intangible assets (contd.)

#### (a) Goodwill (contd.)

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

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

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

#### (b) Other intangible assets

Other intangible assets represent customers contracts (related to construction contracts) and a power purchase/supply agreement for a period of 20 years, arising from business combinations that are measured at their fair value as at the date of acquisition. Following initial measurement, other intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Customer contracts are amortised based on the percentage of completion of the respective contracts. The power purchase/supply agreement are amortised on a straight line basis over 20 years. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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

### 2.27 Concession Service Arrangement

The Group entered into a service concession agreement with Perusahaan Listrik Negara Persero ("the Grantor") for the construction and operation of a mini hydro power plant and thereafter the supply of power from this mini hydro plant to the public for a period of 20 years. The Grantor guarantee to purchase all the power produced by the Group over the 20 years. The Group recognizes the estimated consideration received or receivable as a financial assets since the Group has an unconditional right to receive or receivable as a financial assets for the construction services. Financial assets are accounted for in accordance with the accounting policy as set out in Note 2.9(b).

### 2.28 Derivative financial instruments and hedge accounting

#### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.28 Derivative financial instruments and hedge accounting (contd.)

#### Initial recognition and subsequent measurement (contd.)

The purchase contracts that meet the definition of a derivative under MFRS 139 are recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- (i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- (ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

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

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as a finance cost.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.28 Derivative financial instruments and hedge accounting (contd.)

#### Cash flow hedges

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

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value of derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

## 3. Significant accounting judgement and estimates

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

### 3.1 Significant judgements made in applying accounting policies

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

#### Concession service arrangements

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

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 3. Significant accounting judgement and estimates (contd.)

### 3.2 Key sources of estimation uncertainty

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

#### (a) Construction contracts

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

#### (b) Impairment assessment of property, plant and equipment

Impairment exists when the carrying value of an asset exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use.

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. During the current financial year, the Group carried out the impairment tests on helicopters based on the fair value less costs to sell and compared against its carrying amounts.

The fair value less costs to sell calculation is based on the resale values published by third party specialist in helicopter valuation. For those helicopters with no published resale value information, the management's estimated the fair value by reference to prior year's published resale values of similar types of helicopters, after taking into consideration certain appropriate adjustments. Significant management judgement is required to determine the amount of recoverable value for helicopters with no published resale value.

The carrying amounts of the helicopters are disclosed in Note 14.

#### (c) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor, or 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 and of the Company's receivables at the reporting date is disclosed in Note 20.

#### (d) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed capital allowances, export allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the capital allowances, export allowances and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amount of unabsorbed capital allowances, export allowance and unutilised tax losses of the Group was RM254,025,000 (2015: RM273,228,000).

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 4. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales of cables and conductors	856,928	760,569	336	-
Sales of galvanised products and steel structures	35,830	129,639	-	-
Transmission lines construction contracts	386,014	510,464	151,599	401,685
Consultancy fees	1,369	30,000	1,369	30,000
Dividend income from subsidiaries	-	-	5,000	-
Management fee from subsidiaries	-	-	5,400	5,400
Revenue from construction of power plant (Note 28)	10,636	23,072	-	-
Revenue from provision of helicopter services	2,360	699	-	-
Interest income from lease receivables	4,645	-	-	-
	<u>1,297,782</u>	<u>1,454,443</u>	<u>163,704</u>	<u>437,085</u>

## 5. Interest income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income from:				
Short term deposits with licensed banks	950	1,070	317	510
Advances to subsidiaries	-	-	7,493	4,150
Others	353	1,194	-	-
	<u>1,303</u>	<u>2,264</u>	<u>7,810</u>	<u>4,660</u>

## 6. Other income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finance income on concession financial assets (Note 28)	3,750	2,192	-	-
Insurance claim	-	89	-	3
Miscellaneous income	844	400	-	-
Net gain on disposal of property, plant and equipment	89	169	-	-
Realised gain on foreign exchange	462	1,289	-	-
Rental income	1,193	1,229	135	23
Reversal of allowance for impairment loss on trade receivables (Note 20)	533	4,257	-	-
Unwinding of discount on finance lease	23	23	-	-
Realised gain on derivatives	515	-	-	-
Unrealised gain on foreign exchange	4,976	1,892	-	-
	<u>12,385</u>	<u>11,540</u>	<u>135</u>	<u>26</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 7. Finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Term loans and bank overdraft	15,533	10,317	72	370
Revolving credits	6,569	6,900	6,102	6,342
Bankers' acceptances	7,004	5,403	-	-
Loans from subsidiaries	-	-	7,283	3,645
Finance lease	87	76	-	-
Flexi loan, trust receipt, export financing	6,366	3,644	2,742	1,512
Unwinding of discount on trade payables	-	49	-	-
	-----	-----	-----	-----
Total finance costs	35,559	26,389	16,199	11,869
Less: Interest expenses capitalised				
- in construction contract costs (Note 19)	(4,397)	(1,475)	(109)	(182)
- in other assets (Note 16)	-	(2,930)	-	-
- in property, plant and equipment (Note 14)	(1,201)	-	-	-
	-----	-----	-----	-----
	29,961	21,984	16,090	11,687
	=====	=====	=====	=====

## 8. Other expenses

	Group	
	2016 RM'000	2015 RM'000
Allowances for impairment loss of trade and other receivables	199	1,107
Amortisation of intangible assets	195	913
Realised loss on foreign exchange	2,136	-
Unrealised loss on foreign exchange	1,924	-
Others	2,340	1,036
	-----	-----
	6,794	3,056
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 9. Profit before tax

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration				
- statutory audits	358	347	57	61
- under/(over)provision in previous year	11	11	(4)	2
- other services	54	46	54	46
Allowance for impairment loss of				
- trade receivables (Note 20)	199	1,107	-	-
Amortisation of intangible assets (Note 15)	195	913	-	-
Deposit written off	-	65	-	-
Depreciation of property, plant and equipment (Note 14)	21,857	19,502	420	370
Employee benefits expense (Note 10)	61,928	58,128	4,546	4,699
Finance income from concessions financial assets	(3,750)	(2,192)	-	-
Gain on disposal of property, plant and equipment, net	(89)	(169)	-	-
Impairment of property, plant and equipment (Note 14)	-	172	-	-
Interest income	(1,303)	(2,264)	(7,810)	(4,660)
Inventories written down	1,656	130	-	-
Net fair value gain on derivatives	(469)	-	-	-
Non-executive directors' remuneration (Note 11)	1,493	1,268	1,234	980
Property, plant and equipment written off	-	8	-	-
Realised loss on foreign exchange	1,673	7,346	-	-
Rental expense	1,552	1,502	-	-
Reversal of allowance for impairment loss on trade receivables	(533)	(4,257)	-	-
Reversal of provision for inventories obsolescence	-	(292)	-	-
Unwinding of discount on finance lease	(23)	(23)	-	-
Unwinding of discount on trade payables	-	87	-	-
Unrealised gain on foreign exchange, net	(3,051)	(4,462)	-	-
	=====	=====	=====	=====

## 10. Employee benefits expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and bonuses	61,571	55,695	5,906	5,964
Contributions to defined contribution plan	5,672	6,928	798	765
Social security contributions	2,275	597	34	29
Other benefits	2,583	2,495	180	202
	-----	-----	-----	-----
	72,101	65,715	6,918	6,960
Less: Capitalised in construction contract cost (Note 19)	(10,173)	(7,587)	(2,372)	(2,261)
	-----	-----	-----	-----
	61,928	58,128	4,546	4,699
	=====	=====	=====	=====

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,402,000 (2015: RM1,831,000) and RM1,402,000 (2015: RM1,697,000) as further disclosed in Note 11.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 11. Directors' remuneration

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive:				
Salaries and other emoluments	1,402	1,601	1,402	1,562
Fees	-	230	-	135
	-----	-----	-----	-----
Total executive directors' remuneration (Note 10)	1,402	1,831	1,402	1,697
	-----	-----	-----	-----
Non-executive:				
Fees	1,404	1,204	1,145	920
Other emoluments	89	64	89	60
	-----	-----	-----	-----
Total non-executive directors' remuneration (Note 9)	1,493	1,268	1,234	980
	-----	-----	-----	-----
Total directors' remuneration (Note 35(b))	2,895	3,099	2,636	2,677
Estimated money value of benefits-in-kind	28	28	28	28
	-----	-----	-----	-----
Total directors' remuneration including benefits-in-kind	2,923	3,127	2,664	2,705
	=====	=====	=====	=====

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

	Number of directors	
	2016	2015
Executive director:		
RM1,401,000 - RM1,450,000	1	-
RM1,850,001 - RM1,900,000	-	1
Non-Executive directors:		
Less than RM50,000	1	1
RM50,001 - RM100,000	3	-
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	3	3
RM200,001 - RM250,000	1	1
RM300,001 - RM350,000	1	1

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
- Based on results for the year	7,822	13,752	3,208	11,191
- Overprovision in respect of previous years	(703)	(189)	(746)	(287)
	-----	-----	-----	-----
	7,119	13,563	2,462	10,904
	-----	-----	-----	-----
Deferred income tax (Note 26):				
- Origination and reversal of temporary differences	4,365	1,300	(1,080)	1,030
- Under/(over)provision in respect of previous years	2,248	(346)	465	(138)
	-----	-----	-----	-----
	6,613	954	(615)	892
	-----	-----	-----	-----
Income tax expense recognised in profit or loss	13,732	14,517	1,847	11,796
	=====	=====	=====	=====

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accounting profit before tax	33,742	54,009	5,497	40,014
	=====	=====	=====	=====
Tax at Malaysian statutory tax rate 24% (2015: 25%)	8,155	13,502	1,319	10,004
Adjustments:				
Income not subject to tax	(594)	(513)	(1,657)	(484)
Effect of non-deductible expenses	3,571	3,634	2,466	2,701
Double deduction expense	(9)	(24)	-	-
Under/(over)provision of deferred tax in respect of previous years	2,248	(346)	465	(138)
Overprovision of income tax in respect of previous years	(703)	(189)	(746)	(287)
Deferred tax assets recognised on previously unrecognised unabsorbed tax losses and unutilised capital allowances	-	(2,556)	-	-
Deferred tax assets not recognised on unabsorbed tax losses and unutilised capital allowances	2,636	1,009	-	-

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. Income tax expense (contd.)

### Reconciliation between tax expense and accounting profit (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Utilisation of previously unrecognised tax losses	(1,572)	-	-	-
Income tax expense recognised in profit or loss	13,732	14,517	1,847	11,796

Income tax is calculated at the Malaysian statutory rate of 24% (2015: 25%) of the estimated assessable profit for the year.

## 13. Earnings per share

### Basic and Diluted Earnings Per Share

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

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

	Group	
	2016	2015
Profit net of tax attributable to equity holders of the Company (RM'000)	19,106	39,185
Weighted average number of ordinary shares in issue ('000)	317,050	317,050
Basic earnings per share (sen per ordinary share)	6.03	12.36

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment

Group	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2015	205,007	12,324	323,893	26,840	2,896	71,350	913	3,062	646,285
Additions	1,532	413	2,889	-	279	2,344	5	2,929	10,391
Disposals	-	(519)	-	-	-	(651)	-	-	(1,170)
Written off	-	-	(26)	-	(4)	(421)	-	-	(451)
At 31 December 2015	206,539	12,218	326,756	26,840	3,171	72,622	918	5,991	655,055
At 1 January 2016	206,539	12,218	326,756	26,840	3,171	72,622	918	5,991	655,055
Additions	80	355	4,490	28,430	31	953	-	322	34,661
Disposals	-	(150)	-	-	(3)	(143)	-	-	(296)
Written off	-	-	-	-	-	(33)	-	-	(33)
Transfer from other assets (Note 16)	-	-	-	104,891	-	-	-	2,755	107,646
Reclassification	1,748	-	587	-	-	276	-	(2,611)	-
At 31 December 2016	208,367	12,423	331,833	160,161	3,199	73,675	918	6,457	797,033
<b>Accumulated depreciation</b>									
At 1 January 2015	7,238	8,888	226,506	671	1,971	47,065	57	-	292,396
Depreciation charge for the year	3,446	1,399	10,457	1,342	376	3,147	58	-	20,225
Recognised in profit or loss (Note 9)	3,446	994	10,200	1,342	326	3,136	58	-	19,502
Capitalised in construction project cost (Note 19)	-	405	257	-	50	11	-	-	723
Disposals	-	(460)	-	-	-	(604)	-	-	(1,064)
Written off	-	-	(18)	-	(3)	(422)	-	-	(443)
Impairment losses	-	-	172	-	-	-	-	-	172
At 31 December 2015	10,684	9,827	237,117	2,013	2,344	49,186	115	-	311,286



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

Group (contd.)	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Accumulated depreciation (contd.)</b>									
At 1 January 2016	10,684	9,827	237,117	2,013	2,344	49,186	115	-	311,286
Depreciation charge for the year	3,588	1,213	10,599	3,736	275	3,388	60	-	22,859
Recognised in profit or loss (Note 9)	3,588	864	10,008	3,736	224	3,377	60	-	21,857
Capitalised in construction project cost (Note 19)	-	349	591	-	51	11	-	-	1,002
Disposals	-	(150)	-	-	(1)	(143)	-	-	(294)
Written off	-	-	-	-	-	(33)	-	-	(33)
At 31 December 2016	14,272	10,890	247,716	5,749	2,618	52,398	175	-	333,818
<b>Net carrying amount</b>									
At 31 December 2015	195,855	2,391	89,639	24,827	827	23,436	803	5,991	343,769
At 31 December 2016	194,095	1,533	84,117	154,412	581	21,277	743	6,457	463,215

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

### \* Land and buildings

	Freehold land RM'000	Short term leasehold land RM'000	Building RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2015	76,800	17,266	110,941	205,007
Addition	-	-	1,532	1,532
	-----	-----	-----	-----
At 31 December 2015	76,800	17,266	112,473	206,539
	=====	=====	=====	=====
At 1 January 2016	76,800	17,266	112,473	206,539
Addition	-	-	80	80
Reclassified from capital work-in-progress	-	-	1,748	1,748
	-----	-----	-----	-----
At 31 December 2016	76,800	17,266	114,301	208,367
	=====	=====	=====	=====
<b>Accumulated depreciation</b>				
At 1 January 2015	-	2,344	4,894	7,238
Depreciation charge for the year	-	469	2,977	3,446
	-----	-----	-----	-----
At 31 December 2015	-	2,813	7,871	10,684
	-----	-----	-----	-----
At 1 January 2016	-	2,813	7,871	10,684
Depreciation charge for the year	-	468	3,119	3,587
	-----	-----	-----	-----
At 31 December 2016	-	3,281	10,990	14,271
	-----	-----	-----	-----
<b>Net carrying amount</b>				
At 31 December 2015	76,800	14,453	104,602	195,855
	-----	-----	-----	-----
At 31 December 2016	76,800	13,985	103,311	194,096
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# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

Company	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2015	2,474	1,294	316	206	127	4,417
Additions	265	296	111	57	5	734
At 31 December 2015	2,739	1,590	427	263	132	5,151
At 1 January 2016	2,739	1,590	427	263	132	5,151
Additions	-	-	7	7	-	14
At 31 December 2016	2,739	1,590	434	270	132	5,165
<b>Accumulated depreciation</b>						
At 1 January 2015	31	394	47	58	28	558
Depreciation during the year	124	307	57	38	18	544
Recognised in profit or loss (Note 9)	124	180	15	33	18	370
Capitalised in construction project cost (Note 19)	-	127	42	5	-	174
At 31 December 2015	155	701	104	96	46	1,102
At 1 January 2016	155	701	104	96	46	1,102
Depreciation during the year	154	318	64	40	20	596
Recognised in profit or loss (Note 9)	154	190	21	35	20	420
Capitalised in construction project cost (Note 19)	-	128	43	5	-	176
At 31 December 2016	309	1,019	168	136	66	1,698
<b>Net carrying amount</b>						
At 31 December 2015	2,584	889	323	167	86	4,049
At 31 December 2016	2,430	571	266	134	66	3,467

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

### (a) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM295,000 (2015: Nil) by means of financial lease. The cash flow on acquisition of property, plant and equipment amounted to RM33,165,000 (2015: RM10,391,000), net of interest capitalised.

The carrying amount of motor vehicles of the Group held under finance leases at the reporting date was RM436,000 (2015: RM534,000).

Leased assets are pledged as security for the related finance lease liabilities as referred in Note 23.

- (b) The net carrying amount of property, plant and equipment pledged to financial institutions for bank borrowing as referred in Note 23 are RM23,138,000 (2015: RM24,377,000).
- (c) Included in the helicopters is the interest capitalised during the year amounted to RM1,201,000 (2015: Nil) as referred in Note 7. Included in the property, plant and equipment is helicopters with the carrying amount of RM124,929,000 (2015: RM24,827,000) which have been charged as security for the loans and borrowings as referred in Note 23.
- (d) The short term leasehold land of the Group includes a leasehold land with net carrying amount of RM558,000 (2015: RM575,000) of which the legal title is still in process of being registered under the name of one of the subsidiary of the Company.
- (e) The Group has performed a review of the recoverable amount of the helicopters during the financial year. The recoverable amount was based on the fair value less costs to sell. The fair value of helicopters were derived from the resale values published by third party specialist in helicopter valuation. The Company taking into consideration the models, series number, year of manufactured and percentage of usage, and the assumptions that the helicopters to be transacted between willing buyer and willing seller.

## 15. Intangible assets

	<b>Customers contracts</b>	<b>Power purchase agreement</b>	<b>Total</b>
	RM'000	RM'000	RM'000
<b>Cost</b>			
At 1 January 2015/2016 and 31 December 2015/2016	9,917	2,510	12,427
	-----	-----	-----
<b>Accumulated amortisation</b>			
At 1 January 2015	8,800	-	8,800
Amortisation (Note 9)	913	-	913
	-----	-----	-----
At 31 December 2015	9,713	-	9,713
Amortisation (Note 9)	195	-	195
	-----	-----	-----
At 31 December 2016	9,908	-	9,908
	-----	-----	-----
<b>Net carrying amount</b>			
At 31 December 2016	9	2,510	2,519
	=====	=====	=====
At 31 December 2015	204	2,510	2,714
	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 16. Other assets

	Group	
	2016 RM'000	2015 RM'000
Down payment for purchase of helicopters:		
At 1 January	107,646	28,659
Addition	-	78,987
Transfer to property, plant and equipment (Note 14)	107,646	-
	-----	-----
At 31 December	-	107,646
	=====	=====

Included in the down payment of the helicopters is interest capitalised in year 2015 amounted to RM2,930,000 as referred in Note 7. Included in other assets in year 2015 is helicopters with the carrying amount of RM102,137,000 has been charged as security for the loans and borrowings as referred in Note 23.

## 17. Investment in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	458,152	456,651
Accumulated impairment losses	(57,511)	(57,511)
	-----	-----
	400,641	399,140
	=====	=====

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group β		% of ownership held by non-controlling interest β	
			2016	2015	2016	2015
			%	%	%	%
Held by the Company:						
Universal Cable (Sarawak) Sdn. Bhd.*	Malaysia	Manufacture and sale of power cables and wires	100	100	-	-
Sarawak Power Solutions Sdn. Bhd.*	Malaysia	Dormant	100	100	-	-
Sarwaja Timur Sdn. Bhd.*	Malaysia	Manufacturing, fabrication, galvanising and sale of steel structures	100	100	-	-
Trenergy Infrastructure Sdn. Bhd.*	Malaysia	General contractors and infrastructure development	100	100	-	-
PT. Inpolo Mitra Elektrindo +	Indonesia	Designing, financing construction of independent and mini hydro power plant	78	78	22	22
Aerial Power Lines Sdn. Bhd.*	Malaysia	Power lines construction, inspection and maintenance services and provide of chartered or non-scheduled helicopter services	100	100	-	-

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 17. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group $\beta$		% of ownership held by non-controlling interest $\beta$	
			2016 %	2015 %	2016 %	2015 %
Leader Cable Industry Berhad *	Malaysia	Manufacture and sale of telecommunication and power cables	100	100	-	-
Universal Cable (M) Berhad *	Malaysia	Manufacture and sale of telecommunication and power cables	100	100	-	-

\* Audited by Ernst & Young, Malaysia

+ Audited by a firm other than Ernst & Young

$\beta$  equal to proportion of voting rights held

### (a) Acquisition of additional interest in subsidiary

- (i) During the year, the Company increased its investment in a subsidiary namely, Aerial Power Lines Sdn. Bhd. by way of an increase in the paid up share capital of this subsidiary from RM1 million to RM2.5 million.
- (ii) During the financial year ended 31 December 2015, the Company increased the investment in a subsidiary namely Trenergy Infrastructure Sdn. Bhd. by way of an increase in the paid up share capital of this subsidiary from RM15 million to RM24 million.

(b) The investment in subsidiaries of the Company with the carrying amount of RM205,806,000 (2015: RM205,806,000) is pledged as securities for the borrowings as referred in Note 23.

## 18. Inventories

At cost	Group	
	2016 RM'000	2015 RM'000
Raw materials	40,124	55,597
Work-in-progress	30,415	42,133
Finished goods	39,751	45,429
Consumables	8,845	10,652
	-----	-----
	119,135	153,811
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Construction contract cost incurred to date	914,843	664,482	574,635	430,588
Attributable profit	42,594	25,491	30,359	21,126
	-----	-----	-----	-----
	957,437	689,973	604,994	451,714
Less: Progress billings	(826,982)	(641,965)	(591,344)	(457,696)
	-----	-----	-----	-----
	130,455	48,008	13,650	(5,982)
	-----	-----	-----	-----
Presented as:				
Gross amount due from customers for contract work (Note 21)	130,455	53,990	13,650	-
Gross amount due to customers for contract work (Note 25)	-	(5,982)	-	(5,982)
	-----	-----	-----	-----
	130,455	48,008	13,650	(5,982)
	-----	-----	-----	-----
Retention sums on construction contract included in trade receivables (Note 20):				
Current	12,816	12,203	-	-
Non-current	25,787	37,036	15,465	30,931
	-----	-----	-----	-----
	38,603	49,239	15,465	30,931
	-----	-----	-----	-----
The costs incurred to date on construction contracts include the following charges during the financial year:				
Interest expense (Note 7)	4,397	1,475	109	182
Rental expenses for building	3,597	936	242	89
Employee benefits expense (Note 10)	10,173	7,587	2,372	2,261
Depreciation of property, plant and equipment (Note 14)	1,002	723	176	174
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	304,684	354,598	25,770	69,816
Retention sums on contracts (Note 19)	12,816	12,203	-	-
Amount due from related companies	7,959	10,009	-	-
Lease receivables	5,188	1,825	-	-
	-----	-----	-----	-----
	330,647	378,635	25,770	69,816
Less: Allowance for impairment	(8,138)	(12,574)	-	-
	-----	-----	-----	-----
Trade receivables, net	322,509	366,061	25,770	69,816
	-----	-----	-----	-----
<b>Other receivables</b>				
Refundable deposits	1,820	1,771	21	11
Other receivables	16,038	26,475	138	4
Advanced payment to subcontractors	1,077	10,196	-	6,068
Amount due from subsidiaries	-	-	169,857	118,992
	-----	-----	-----	-----
Other receivables, net	18,935	38,442	170,016	125,075
Less: Allowance for impairment	(1,801)	(1,801)	-	-
	-----	-----	-----	-----
	17,134	36,641	170,016	125,075
	-----	-----	-----	-----
Total trade and other receivables (current)	339,643	402,702	195,786	194,891
	-----	-----	-----	-----
<b>Non-current</b>				
<b>Trade receivables</b>				
Retention sum on contracts (Note 19)	25,787	37,036	15,465	30,931
Lease receivables	28,317	15,498	-	-
	-----	-----	-----	-----
	54,104	52,534	15,465	30,931
Less: Allowance for impairment	(573)	(472)	-	-
	-----	-----	-----	-----
Trade receivables, net	53,531	52,062	15,465	30,931
	-----	-----	-----	-----



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Total trade and other receivables</b>	393,174	454,764	211,251	225,822
Add: Cash and bank balances (Note 22)	74,365	65,445	7,247	10,684
Add: Concessions financial assets (non-current) (Note 28)	83,729	63,586	-	-
<b>Total loans and receivables</b>	551,268	583,795	218,498	236,506
<b>Total financial instruments at fair value through other comprehensive income (Note 27)</b>	762	27	-	-
<b>Total financial assets</b>	552,030	583,822	218,498	236,506

### (a) Trade receivables

#### (i) Lease receivables

Lease receivables consist of the following:

	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
<b>2016</b>			
Less than 1 year	12,187	(6,999)	5,188
Between 1 and 5 years	40,346	(18,299)	22,047
More than 5 years	7,611	(1,341)	6,270
	60,144	(26,639)	33,505
<b>2015</b>			
Less than 1 year	5,298	(3,473)	1,825
Between 1 and 5 years	18,711	(9,862)	8,849
More than 5 years	8,027	(1,378)	6,649
	32,036	(14,713)	17,323

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables (contd.)

### (a) Trade receivables (contd.)

#### (ii) Third parties

These amounts are non-interest bearing and are generally on 30 to 120 day (2015: 30 to 120 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	261,349	292,013	41,235	100,747
1 to 30 days past due not impaired	49,910	40,680	-	-
31 to 60 days past due not impaired	27,925	49,437	-	-
61 to 90 days past due not impaired	13,853	9,093	-	-
91 to 120 days past due not impaired	7,796	7,426	-	-
More than 121 days past due not impaired	14,923	12,632	-	-
	114,407	119,268	-	-
Impaired	8,995	19,888	-	-
	384,751	431,169	41,235	100,747

### (b) Trade receivables

#### Receivables that are neither past due nor impaired

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

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

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM114,407,000 (2015: RM119,268,000) that are past due at the reporting date but not impaired and are unsecured in nature.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables (contd.)

### (b) Trade receivables (contd.)

#### Receivables that are impaired

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

	Individually impaired		Collectively impaired		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables nominal amounts	8,264	19,244	731	644	8,995	19,888
Less: Allowance for impairment	(7,980)	(12,402)	(731)	(644)	(8,711)	(13,046)
	=====	=====	=====	=====	=====	=====
	284	6,842	-	-	284	6,842
	=====	=====	=====	=====	=====	=====

Movement in allowance accounts for trade receivables:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	13,046	16,353
Charge for the year (Note 9)	199	1,107
Reversal of allowance for impairment loss (Note 6)	(533)	(4,257)
Written off	(4,001)	(157)
	=====	=====
At 31 December	8,711	13,046
	=====	=====

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

### (c) Other receivables

#### Other receivables that are impaired

At the reporting date, the Group have provided an allowance of RM1,801,000 (2015: RM1,801,000) for impairment for the other receivables with a nominal amount of RM1,801,000 (2015: RM1,801,000).

### (d) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, bear interest at rate of 3.70% to 6.31% (2015: 4.83% to 6.12%) per annum and repayable on demand.

### (e) Amount due from related companies

The amounts due from related companies are non-interest bearing with generally 30 to 45 day (2015: 30 to 45 day) terms. Related companies refer to subsidiaries and associates of a corporate shareholder namely, Sarawak Energy Berhad.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 21. Other current assets

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Prepayments	18,109	4,150	364	140
Gross amount due from customers for contract work (Note 19)	130,455	53,990	13,650	-
	-----	-----	-----	-----
	148,564	58,140	14,014	140
	=====	=====	=====	=====

## 22. Cash and bank balances

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash in hand and at banks	49,158	50,400	7,247	10,684
Deposits with licensed banks	25,207	15,045	-	-
	-----	-----	-----	-----
Cash and bank balances	74,365	65,445	7,247	10,684
	=====	=====	=====	=====

- (a) Cash at bank of the Group and the Company amounted RM8,562,000 (2015: RM7,021,000) and RM7,219,000 (2015: RM7,021,000) respectively, have been pledged for a licenced bank for the purpose of principal and interest repayment obligation in relation to the Company's borrowing as referred in Note 23.
- (b) Deposits with licensed banks of the Group amounting to RM14,922,000 (2015: RM14,845,000) are pledged to banks for borrowings granted as referred in Note 23 and guarantee deposit for the power purchase agreement granted to a subsidiary.
- (c) The weighted average effective interest rates at the reporting date for the Group were 2.97% (2015: 3.14%) per annum.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash in hand and at banks	40,596	43,379	28	3,663
Deposits with licensed banks	10,285	200	-	-
	-----	-----	-----	-----
Less: Bank overdrafts (Note 23)	50,881 (2,789)	43,579 (879)	28 (1,966)	3,663 -
	-----	-----	-----	-----
	48,092	42,700	(1,938)	3,663
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 23. Loans and borrowings

	Maturity	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
Unsecured:					
Bankers' acceptances	2017	274,362	273,333	-	-
Revolving credits	2017	56,800	37,500	31,460	16,000
Trust receipts/foreign currency trade loan/export credit financing	2017	19,515	14,663	-	-
Term loans	2017	7,360	8,400	-	-
Flexi financing trade loans	2017	58,516	35,724	45,928	35,725
Bank overdrafts (Note 22)	2017	1,966	-	1,966	-
		-----	-----	-----	-----
		418,519	369,620	79,354	51,725
		-----	-----	-----	-----
Secured:					
Term loan	2017	11,232	29,635	-	-
Bankers' acceptances	2017	7,403	11,318	-	-
Revolving credits	2017	31,884	28,359	14,884	13,360
Obligations under finance lease (Note 34(c))	2017	397	564	-	-
Bank overdrafts (Note 22)	2017	823	879	-	-
Invoice financing-i	2017	39,770	3,464	-	-
Cash line facility-i	2017	44,710	6,059	-	-
		-----	-----	-----	-----
		136,219	80,278	14,884	13,360
		-----	-----	-----	-----
Total current loans and borrowings		554,738	449,898	94,238	65,085
		-----	-----	-----	-----
<b>Non-current</b>					
Unsecured:					
Term loan	2018-2020	9,900	17,260	-	-
Revolving credits	2018-2019	4,155	-	-	-
		-----	-----	-----	-----
		14,055	17,260	-	-
		-----	-----	-----	-----
Secured:					
Revolving credits	2018-2019	58,642	73,526	58,642	73,526
Obligation under finance lease (Note 34(c))	2018-2021	594	778	-	-
Term loan	2018-2023	107,204	51,031	-	-
		-----	-----	-----	-----
		166,440	125,335	58,642	73,526
		-----	-----	-----	-----
Total non-current loans and borrowings		180,495	142,595	58,642	73,526
		-----	-----	-----	-----
Total loans and borrowings		735,233	592,493	152,880	138,611
		=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 23. Loans and borrowings (contd.)

Included in loans and borrowings are amounts denominated in foreign currency which are other than the respective functional currencies (currencies of the Group entities) as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	USD'000	USD'000
USD	12,051	3,189
	=====	=====

Other information on financial risks of borrowing are disclosed in Note 38.

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

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	RM'000	RM'000	RM'000	RM'000
On demand or within 1 year	554,738	449,898	94,238	65,085
More than 1 year and less than 2 years	35,557	33,518	16,410	13,360
More than 2 years and less than 5 years	124,836	102,726	42,232	60,166
More than 5 years	20,102	6,351	-	-
	-----	-----	-----	-----
	735,233	592,493	152,880	138,611
	=====	=====	=====	=====

### Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 5.05% - 5.70% (2015: 5.05% - 5.61%) per annum.

### Bankers' acceptances, revolving credit and flexi financing trade loan

Certain bankers' acceptances and revolving credit of the Group amounting to RM5,637,000 (2015: RM11,318,000) are secured by:

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

Certain bankers' acceptances, revolving credit and flexi financing trade loan of the Group amounting to RM104,069,000 (2015: RM32,991,000) are secured by deposits with licensed bank as referred in Note 22.

### Term loans

A term loan of the Group amounting to RM83,881,000 (2015: RM62,675,000) are secured by:

- (i) Mortgage over the helicopters as referred in Note 14 and helicopters to be received as referred in Note 16.
- (ii) Corporate guarantee from the Company.
- (iii) Assignment of project account.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 23. Loans and borrowings (contd.)

### Term loans (contd.)

A term loan of the Group amounting to RM34,555,000 (2015: Nil) are secured by:

- (i) Specific debenture covering fixed and floating charge over present and future assets which relating to a mini hydro power plant as referred in Note 28.
- (ii) Deed of Assignment over the rights and interest of Power Purchase Agreement owned by its subsidiary as referred in Note 28.
- (iii) Deposit with licensed bank as referred in Note 22.
- (iv) Assignment of escrow accounts maintained with the bank.

### Revolving credits

Revolving credits of the Group and the Company amounting to RM73,526,000 (2015: RM86,886,000) is secured by:

- (i) Cash at bank as referred in Note 22 to the financial statement; and
- (ii) 100% equity interest in both subsidiaries, Universal Cable (M) Berhad and Leader Cable Industry Berhad as referred in Note 17.

The overdrafts and certain revolving credits amounted to RM15,352,000 (2015: Nil) of the Company are secured by corporate guarantee and indemnity by one of the subsidiary within the Group, namely Universal Cable (Sarawak) Sdn. Bhd..

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

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bankers' acceptances	3.73 - 5.08	4.10 - 4.59	-	-
Revolving credits	4.64 - 5.80	4.90 - 6.05	4.89 - 5.80	5.17 - 6.05
Term loans	5.35 - 5.71	5.15 - 6.10	-	-
Foreign currency trade loan	2.11 - 2.74	1.81 - 2.19	-	-
Flexi financing trade loan	3.62 - 5.18	4.91 - 5.69	3.62 - 5.18	5.62 - 5.69
Invoice financing-i	5.50	5.55	-	-
Cash line financing-i	5.22	5.36	-	-
Bank overdrafts	5.22 - 7.50	5.35	7.50	-
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 24. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	130,293	187,100	41,268	85,868
Amount due to related companies	28,017	60,196	-	-
Trade payables, net	158,310	247,296	41,268	85,868
<b>Other payables</b>				
Accrued operating expenses	24,410	25,215	1,642	1,262
Other payables	23,540	55,439	666	751
Advance received	17,519	3,893	12	12
Amount due to subsidiaries	-	-	167,355	112,465
	65,469	84,547	169,675	114,490
Total trade and other payables (current)	223,779	331,843	210,943	200,358
<b>Non-current</b>				
<b>Trade payables</b>				
Retention sum on contracts	23,508	27,868	20,275	27,868
<b>Total trade and other payables</b>	247,287	359,711	231,218	228,226
Add: Loans and borrowings (Note 23)	735,233	592,493	152,880	138,611
<b>Total financial liabilities carried at amortised cost</b>	982,520	952,204	384,098	366,837
<b>Total financial instruments at fair value through other comprehensive income (Note 27)</b>	19	1,362	-	-
<b>Total financial liabilities</b>	982,539	953,566	384,098	366,837



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 24. Trade and other payables (contd.)

### (a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 120 day (2015: 14 to 120 day) terms.

### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 day (2015: average term of 30 to 90 day).

### (c) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, bear interest between 5.34% to 5.89% (2015: 5.30% to 5.55%) per annum, repayable on demand.

### (d) Amount due to related companies

Amount due to related companies are unsecured, certain balances bear interest rates ranging from 2.17% to 6.85% (2015: 2.17% to 6.85%) per annum and are repayable upon demand. Related companies refer to companies within the HNG Capital Sdn. Bhd. Group, a corporate shareholder of the Company.

## 25. Other current liabilities

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross amount due to customers for contract work (Note 19)	-	5,982	-	5,982
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 26. Deferred tax

Deferred income tax as at 31 December 2016 and 2015 relates to the following:

Group	As at 1 January 2015 RM'000	Exchange difference RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2015 RM'000	Exchange difference RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2016 RM'000
<b>Deferred tax liabilities:</b>									
Property, plant and equipment	36,948	-	349	-	37,297	-	(76)	-	37,221
Construction contracts	278	-	825	-	1,103	-	(2,224)	-	(1,121)
Others	(228)	-	1,200	-	972	-	(1,031)	-	(59)
Other financial assets	473	105	704	-	1,282	168	1,015	-	2,465
Derivatives	-	-	-	-	-	-	-	185	185
	37,471	105	3,078	-	40,654	168	(2,316)	185	38,691
<b>Deferred tax assets:</b>									
Trade receivables	(1,077)	-	208	-	(869)	-	249	-	(620)
Inventories	(975)	-	(253)	-	(1,228)	-	92	-	(1,136)
Unabsorbed capital allowance and export allowances	(65,246)	-	(858)	-	(64,388)	-	5,498	-	(58,890)
Unutilised tax losses	-	(66)	(3,853)	-	(3,919)	(32)	1,875	-	(2,076)
Amount due from customers	(2,271)	-	754	-	(1,517)	-	368	-	(1,149)
Property, plant and equipment	(3,536)	-	162	-	(3,374)	-	847	-	(2,527)
Derivatives	(161)	-	-	(147)	(308)	-	-	308	-
	(73,266)	(66)	(2,124)	(147)	(75,603)	(32)	8,929	308	(66,398)
Deferred tax (assets)/liabilities	(35,795)	39	954	(147)	(34,949)	136	6,613	493	(27,707)

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 26. Deferred tax (contd.)

<b>Company</b>	<b>As at 1 January 2015 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2015 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2016 RM'000</b>
<b>Deferred tax liability:</b>					
Property, plant and equipment	71	(75)	(4)	35	31
<b>Deferred tax assets:</b>					
Unabsorbed capital allowances	-	(35)	(35)	18	(17)
Amount due from customers	(1,448)	1,002	(446)	(668)	(1,114)
	-----	-----	-----	-----	-----
Deferred tax (assets)/liabilities	(1,377)	892	(485)	(615)	(1,100)
	=====	=====	=====	=====	=====

	<b>Group 2016 RM'000</b>	<b>Group 2015 RM'000</b>	<b>Company 2016 RM'000</b>	<b>Company 2015 RM'000</b>
Presented after appropriate offsetting as follows:				
Deferred tax assets	42,946	46,684	1,100	485
Deferred tax liabilities	(15,239)	(11,735)	-	-
	-----	-----	-----	-----
	27,707	34,949	1,100	485
	=====	=====	=====	=====

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

	<b>Group 2016 RM'000</b>	<b>Group 2015 RM'000</b>
Unutilised tax losses	22,418	17,006
Unabsorbed capital allowances	1,653	-
	-----	-----
	24,071	17,006
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 27. Derivatives assets/(liabilities)

Group	Notional amount		Assets/(liabilities)	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Derivatives - designated as fair value hedges				
- Forward currency contracts	-	208	-	27
Derivatives - designated as cash flow hedges				
- Forward currency contracts	-	7,634	-	(72)
- Commodity forward contracts	25,348	36,483	762	(1,290)
	25,348	44,117	762	(1,362)
Derivatives - not designated as hedging instruments				
- Forward currency contracts	1,951	-	(19)	-
Total derivatives	27,299	44,325	743	(1,335)

### (a) Fair value hedges

In prior year, forward currency contracts are used to hedge the Group's receivables denominated in USD for which the commitments existed at the reporting date.

### (b) Cash flow hedges

#### (i) Forward currency contracts

As at 31 December 2015, the Group held forward currency contracts designated as hedges of contracted future purchases. The forward currency contracts were used to hedge the foreign currency risk of the highly probable forecasted transactions.

The terms of the forward currency contracts were negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which was no longer expected to occur.

#### (ii) Commodity forward contracts

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

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

The cash flow hedges of the highly probable forecast aluminium purchases were assessed to be highly effective and as at 31 December 2016, a net unrealised gain of RM762,000 (2015: a net unrealised loss of RM1,290,000) with a related deferred tax liabilities of RM184,000 (2015: deferred tax assets of RM310,000) was included in other comprehensive income in respect of these contract. The amounts retained in other comprehensive income in December 2016 and December 2015 are expected to mature and affect the profit or loss by a profit of RM578,000 in 2016 (2015: RM537,000).

### (c) Derivatives not designated as hedging instruments

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 28. Concessions financial assets

	Group	
	2016	2015
	RM'000	RM'000
<b>Non-current:</b>		
At 1 January	63,586	33,185
Concessions construction revenue (Note 4)	10,636	23,072
Accrued finance income (Note 6)	3,750	2,192
Exchange difference	5,757	5,137
	-----	-----
At 31 December	83,729	63,586
	=====	=====

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

Significant terms of the arrangement are as follows:

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

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

The concession financial assets, a mini hydro power plant together with power purchase agreement have been charged as security for a term loan granted to a subsidiary of the Group as referred in Note 23.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 29. Share capital and share premium

### (a) Share capital

Company	Number of ordinary shares of RM0.50 Each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
<b>Authorised:</b>				
At 1 January/31 December	500,000 =====	500,000 =====	250,000 =====	250,000 =====
<b>Issued and fully paid:</b>				
At 1 January/31 December	317,050 =====	317,050 =====	158,525 =====	158,525 =====

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### (b) Share premium

	2016 RM'000	2015 RM'000
At 1 January/31 December	79,796 =====	79,796 =====

## 30. Revenue reserve

The Company may distribute dividends out of its entire revenue reserves as at 31 December 2016 and 31 December 2015 under the single tier system.

## 31. Foreign currency translation reserve

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

## 32. Hedge reserve

Cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the profit or loss when the hedged transaction affects profit or loss.

## 33. Dividends

Recognised during the financial year:	Group and Company	
	2016 RM'000	2015 RM'000
Dividends on ordinary shares:		
- First and final single tier dividend for 2014: 2.5 sen per ordinary share	-	7,926
- Interim single tier dividend for 2015: 1.0 sen per ordinary share	-	3,171
- Final single tier dividend for 2016: 5.0 sen per ordinary share	15,853 -----	- -----
	15,853 =====	11,097 =====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 33. Dividends (contd.)

Group and Company	
2016	2015
RM'000	RM'000

### Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the annual general meeting

- First and final single tier dividend:

3.0 sen (2015: 5.0 sen) per share

9,512	15,853
=====	=====

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 3.0 sen per ordinary share on 317,050,000 ordinary shares, amounting to a dividend payable of RM9,511,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2017.

## 34. Commitments

### (a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	31,072	63,738	-	-
Approved but not contracted for:				
Property, plant and equipment	4,641	7,699	120	50
	-----	-----	-----	-----
	35,713	71,437	120	50
	=====	=====	=====	=====

### (b) Operating lease commitments - as lessee

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

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

	Group	
	2016	2015
	RM'000	RM'000
<b>Future minimum rental payments:</b>		
Not later than 1 year	142	44
Later than 1 year and not later than 5 years	164	-
	-----	-----
	306	44
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 34. Commitments (contd.)

### (c) Finance lease commitments

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

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	443	653
Later than 1 year but not later than 2 years	283	378
Later than 2 years but not later than 5 years	414	485
	-----	-----
	1,140	1,516
Less: Amounts representing finance charges	(149)	(174)
	-----	-----
Present value of minimum lease payments	991	1,342
	=====	=====
<b>Present value payments:</b>		
Not later than 1 year	397	564
Later than 1 year but not later than 2 years	252	330
Later than 2 years but not later than 5 years	342	448
	-----	-----
Present value of minimum lease payments	991	1,342
Less: Amounts due within 12 months (Note 23)	(397)	(564)
	-----	-----
Amount due after 12 months (Note 23)	594	778
	=====	=====

## 35. Related party transactions

### (a) Sale and purchase of goods and services

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

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	RM'000	RM'000	RM'000	RM'000
Sale of cables, conductors and steel structures to:				
- Related companies	17,719	45,247	-	-
Transmission line contract revenue:				
- Related companies	11,652	-	-	-
Rental and interest paid to:				
- Subsidiaries	-	-	7,283	3,645
- Related companies	1,234	1,694	-	-



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 35. Related party transactions (contd.)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest and rental income received from:				
- Subsidiaries	-	-	7,493	4,150
Management fees received from:				
- Subsidiaries	-	-	5,400	5,400
Purchase of raw materials from:				
- Related companies	428,739	391,009	-	-
Purchase of battery and tyre for vehicles and car rental:				
- A company related to a director	18	16	-	-
	=====	=====	=====	=====

#### Related companies:

These are subsidiaries and associates of the corporate shareholders of the Company, namely, Sarawak Energy Berhad and HNG Capital Sdn. Bhd. Group.

The related party transactions entered into by the Group and the Company were made according to the published prices and terms mutually agreed between the respective parties which were not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 and 31 December 2015 are disclosed in Note 20 and 24.

### (b) Compensation of key management personnel

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	6,498	6,787	3,640	3,755
Contributions to defined contribution plan	924	897	508	506
	-----	-----	-----	-----
	7,422	7,684	4,148	4,261
	=====	=====	=====	=====
Included in the total key management personnel:				
Directors' remuneration (Note 11)	2,895	3,099	2,636	2,677
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. Fair value of financial instruments

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

	2016		2015	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities:</b>				
Obligation under finance lease	985	1,042	1,342	1,386
	=====	=====	=====	=====

### Obligation under finance lease

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

- (b) Determination of fair value

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

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

	Note
Trade and other receivables	20
Cash and bank balances	22
Trade and other payables	24
Loans and borrowings except obligation under finance lease	23
Concessions financial assets	28

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

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) **Cash and bank balances, other receivables and other payables**

The carrying amounts of these balances approximate their fair values due to the short term nature of these instruments.

- (ii) **Trade receivables and trade payables**

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

- (iii) **Amounts due from/to subsidiaries**

The carrying values of the amounts due from/to subsidiaries approximate their fair values due to the short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

- (iv) **Loans and borrowings**

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. Fair value of financial instruments (contd.)

### (b) Determination of fair value (contd.)

#### (v) Derivatives

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

## 37. Fair value measurement

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

Level 1 : quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

(a) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 31 December 2016:

	<b>Date of valuation</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Financial assets measured at fair value</b>					
Derivatives					
- Commodity forward contracts	31 December 2016	-	762	-	762
		=====	=====	=====	=====
<b>Financial liabilities measured at fair value</b>					
Derivatives					
- Forward currency contracts	31 December 2016	-	19	-	19
		=====	=====	=====	=====
<b>Liabilities for which fair value are disclosed</b>					
Obligation under finance lease	31 December 2016	-	1,042	-	1,042
		=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 37. Fair value measurement (contd.)

(b) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 31 December 2015:

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial assets measured at fair value</b>					
Derivatives					
- Forward currency contracts	31 December 2015	-	27	-	27
		=====	=====	=====	=====
<b>Financial liabilities measured at fair value</b>					
Derivatives					
- Forward currency contracts	31 December 2015	-	72	-	72
- Commodity forward contracts	31 December 2015	-	1,290	-	1,290
		-----	-----	-----	-----
		-	1,362	-	1,362
		=====	=====	=====	=====
<b>Liabilities for which fair value are disclosed</b>					
Obligation under finance lease	31 December 2015	-	1,386	-	1,386
		=====	=====	=====	=====

There have been no transfers between the fair value hierarchy during the financial year ended 31 December 2016.

## 38. Financial risk management objectives and policies

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

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

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

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

### (a) Credit risk

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

### (a) Credit risk (contd.)

#### Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.
- A nominal amount of RM598,059,000 (2015: RM439,044,000) and RM12,839,000 (2015: RM22,443,000) relating to corporate guarantee provided by the Company to the banks on the subsidiaries bank loan and suppliers of the subsidiaries respectively.

#### Credit risk concentration profile

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

At the reporting date, approximately:

- 36% (2015: 49%) of the Group's trade receivables were due from 4 (2015:4) major customers located in Malaysia.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

### (b) Liquidity risk

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

#### **Analysis of financial instruments by remaining contractual maturities**

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

	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>At 31 December 2016</b>				
<b>Financial liabilities:</b>				
Trade and other payables	223,779	23,729	-	247,508
Loans and borrowings	567,645	177,826	21,003	766,474
Derivatives liabilities	19	-	-	19
	-----	-----	-----	-----
Total undiscounted financial liabilities	791,443	201,555	21,003	1,014,001
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

### (b) Liquidity risk (contd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>At 31 December 2015</b>				
<b>Financial liabilities:</b>				
Trade and other payables	331,965	27,868	-	359,833
Loans and borrowings	458,614	149,243	6,888	614,745
Derivatives liabilities	1,362	-	-	1,362
	-----	-----	-----	-----
Total undiscounted financial liabilities	791,941	177,111	6,888	975,940
	=====	=====	=====	=====

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>Company</b>			
<b>At 31 December 2016</b>			
<b>Financial liabilities:</b>			
Trade and other payables	217,278	20,275	237,553
Loans and borrowings	97,001	62,410	159,411
Financial guarantee contracts*	439,788	-	439,788
	-----	-----	-----
Total undiscounted financial liabilities	754,067	82,685	836,752
	=====	=====	=====

### At 31 December 2015

<b>Financial liabilities:</b>			
Trade and other payables	200,358	27,868	228,226
Loans and borrowings	66,626	78,256	144,882
Financial guarantee contracts*	439,044	-	439,044
	-----	-----	-----
Total undiscounted financial liabilities	706,028	106,124	812,152
	=====	=====	=====

\* Based on the maximum amount that can be called under the financial guarantee contracts.

### (c) Interest rate risk

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

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points (2015: 50 basis points) lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM2,327,000 and RM574,000 (2015: RM2,010,000 and RM528,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

### (d) Foreign currency risk

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

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

#### Sensitivity analysis for foreign currency risk

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

	Profit net of tax	
	2016 RM'000	2015 RM'000
USD/RM - strengthened 5% (2015: 5%)	490	968
- weakened 5% (2015: 5%)	(490)	(968)
	=====	=====
EURO/RM - strengthened 5% (2015: 5%)	506	1,274
- weakened 5% (2015: 5%)	(506)	(1,274)
	=====	=====
SGD/RM - strengthened 5% (2015: 5%)	100	9
- weakened 5% (2015: 5%)	(100)	(9)
	=====	=====
HKD/RM - strengthened 5% (2015: 5%)	-	227
- weakened 5% (2015: 5%)	-	(227)
	=====	=====
GBP/RM - strengthened 5% (2015: 5%)	11	783
- weakened 5% (2015: 5%)	(11)	(783)
	=====	=====
AUD/RM - strengthened 5% (2015: 5%)	-	22
- weakened 5% (2015: 5%)	-	(22)
	=====	=====
BNP/RM - strengthened 5% (2015: 5%)	-	498
- weakened 5% (2015: 5%)	-	(498)
	=====	=====
CNY/RM - strengthened 5% (2015: Nil)	32	-
- weakened 5% (2015: Nil)	(32)	-
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

### (e) Commodity price risk

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

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

#### Sensitivity analysis for commodity price risk

At the reporting date, had aluminium prices been 5% higher/lower, with all other variables held constant, the Group's hedging reserve would have been RM29,000 (2015: RM25,000) higher/lower, arising as a result of an increase/decrease in the fair value of derivatives on which cash flow hedge accounting is applied.

## 39. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings less cash and bank balances. Capital includes equity attributable to equity holders of the Company.

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and borrowings	23	735,233	592,493	152,880	138,611
Less: Cash and bank balances	22	(74,365)	(65,445)	(7,247)	(10,684)
Net debt		660,868	527,048	145,633	127,927
Equity		329,431	324,331	251,806	264,009
<b>Capital and net debt</b>		990,299	851,379	397,439	391,936
		=====	=====	=====	=====
<b>Gearing ratio</b>		66.7%	61.9%	36.6%	32.6%
		=====	=====	=====	=====



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 40. Segmental information

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

- (a) The sale of power cables and conductors segment supplies power cables and conductors components to consumers.
- (b) The sale of galvanised steel products and steel structures segment supplies galvanised steel products and steel structures. It also offers galvanising services.
- (c) The transmission lines construction segment involves supply, installation and commissioning of transmission line projects.
- (d) The corporate segment is involved in Group-level corporate and management services, power generation business and provision of helicopters services.

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 40. Segmental information (contd.)

	Sales of cables and conductors		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customers	856,593	760,569	35,830	129,639	386,014	510,464	19,345	53,771	-	-	1,297,782	1,454,443
Inter-segments sales	1,864	3,950	32	31	-	-	10,400	5,400	(12,296)	(9,381)	A	-
Total revenue	858,457	764,519	35,862	129,670	386,014	510,464	29,745	59,171	(12,296)	(9,381)	1,297,782	1,454,443
Results:												
Interest income	7,626	4,953	198	150	478	446	893	4,699	(7,892)	(7,984)	B	2,264
Dividend income	-	-	-	-	-	-	5,000	-	(5,000)	-	C	-
Depreciation and amortisation	15,507	15,283	1,436	1,568	1,906	2,355	4,205	1,932	-	-	23,054	21,138
Other non-cash expenses	2,912	(6,069)	233	(382)	102	101	(4,976)	(1,423)	-	(44)	D	(7,817)
Segment profit/(loss)	34,698	17,843	1,822	(303)	11,491	17,575	(9,269)	18,850	(5,000)	44	E	54,009
Segment assets	889,636	862,891	73,751	126,027	184,505	109,859	365,143	350,774	(181,468)	(149,751)	F	1,331,567
Segment liabilities	470,702	441,233	24,567	78,646	168,402	96,059	518,287	484,226	(181,582)	(125,349)	G	1,000,376
												974,815

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 40. Segmental information (contd.)

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

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment interest income is eliminated on consolidation.

C Inter-segment dividend income is eliminated on consolidation.

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

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Allowance of impairment of receivables	199	1,107
Unrealised gain on foreign exchange	(3,051)	(4,462)
Inventory written down	1,656	-
Reversal of impairment losses of receivables	(533)	(4,257)
Reversal of inventory obsolescence	-	(292)
Unwinding of discount on trade payable	-	87
	-----	-----
	(1,729)	(7,817)
	=====	=====

E Reconciliation of profit before tax

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Segment profit	38,742	53,965
Dividend received from subsidiaries companies	(5,000)	-
Impairment for amount due from fellow subsidiary	-	44
	-----	-----
	33,742	54,009
	=====	=====

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

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Segment operating assets	1,513,035	1,449,551
Amount due from fellow subsidiaries	(181,468)	(149,751)
	-----	-----
	1,331,567	1,299,800
	=====	=====

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

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Segment operating liabilities	1,181,958	1,100,164
Amount due to fellow subsidiaries	(181,582)	(125,349)
	-----	-----
	1,000,376	974,815
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## **41. Significant and subsequent events**

On 8 January 2016, the Company proposed to undertake a private placement of up to 10% of the issued and paid up share capital of the Company ("Proposed Private Placements"). On 14 January 2016, the Company had obtained the necessary approval from Bursa Malaysia Securities Berhad ("Bursa Malaysia") on the Proposed Private Placement. On 11 July 2016, the Company obtained the approval from Bursa Malaysia to extend the implementation of the Proposed Private Placement for six months till 12 January 2017. Subsequently on 12 January 2017, the Company announced its decision not to proceed with the Proposed Private Placement in view of the prevailing market conditions.

## **42. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 12 April 2017.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

The breakdown of the revenue reserves of the Group and of the Company as at 31 December 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total revenue reserves of the Company and its subsidiaries				
- Realised	97,014	84,357	12,385	25,203
- Unrealised	30,758	39,411	1,100	485
	-----	-----	-----	-----
	127,772	123,768	13,485	25,688
Less: Consolidation adjustments	(270)	481	-	-
	-----	-----	-----	-----
Revenue reserves as per financial statements	127,502	124,249	13,485	25,688
	=====	=====	=====	=====

# Analysis of Shareholdings

as at 22 March 2017

Total number of issued shares : 317,050,000  
 Issued : RM 158,525,000  
 Voting rights : one (1) vote per ordinary share.

## Distribution schedule of ordinary shares

Size of holdings	No. of holders	Total holdings	%
Less than 100 shares	55	2,040	#
100 - 1,000 shares	305	218,930	0.07%
1,001 - 10,000 shares	2,445	13,296,141	4.19%
10,001 - 100,000 shares	1,227	36,002,145	11.36%
100,001 to less than 5% of issued shares	139	103,441,752	32.63%
5% and above of issued shares	5	164,088,992	51.75%
<b>Total</b>	<b>4,176</b>	<b>317,050,000</b>	<b>100.00%</b>

# less than 0.01%

## Substantial Shareholders

as per the Register of Substantial Shareholders as at 22 March 2017

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
1 Dato Sri Mahmud Abu Bekir Taib	57,825,000	18.24%	26,082,000 <sup>(1)</sup>	8.23%
2 Sarawak Energy Berhad	52,397,996	16.53%	-	-
3 Toh Chee Ching	31,547,496	9.95%	324,000 <sup>(2)</sup>	0.10%
4 HNG Capital Sdn. Bhd.	37,296,000	11.76%	-	-
5 Central Paragon Sdn. Bhd.	26,082,000	8.23%	-	-
6 Yek Siew Liong	5,855,000	1.85%	31,682,000 <sup>(3)</sup>	9.99%
7 UF Jaya Sdn. Bhd.	5,600,000	1.77%	26,082,000 <sup>(4)</sup>	8.23%
8 Tan Sri Dato' Seri H'ng Bok San	237,240	0.07%	37,296,000 <sup>(5)</sup>	11.76%
9 Dato' H'ng Chun Hsiang	150,000	0.05%	37,296,000 <sup>(6)</sup>	11.76%
10 State Financial Secretary, Sarawak	-	-	52,397,996 <sup>(7)</sup>	16.53%
11 Delegateam Sdn. Bhd.	-	-	52,397,996 <sup>(7)</sup>	16.53%
12 Baodi Development Sdn. Bhd.	-	-	31,682,000 <sup>(8)</sup>	9.99%
13 Yek Min Ek Sdn. Bhd.	-	-	31,682,000 <sup>(9)</sup>	9.99%
14 Datin H'ng Hsieh Ling	-	-	37,296,000 <sup>(10)</sup>	11.76%

### Notes:

- (1) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (2) Deemed interested by virtue of his interest in Greatwall Tyre & Battery (Kuching) Sdn. Bhd. interest pursuant to Section 8(4) of the Companies Act 2016.
- (3) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.
- (4) Deemed interested by virtue of its interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (5) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (6) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (7) Deemed interested by virtue of its interests in Sarawak Energy Berhad pursuant to Section 8(4) of the Companies Act 2016.
- (8) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. via UF Jaya Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (9) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Baodi Development Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (10) Deemed interested by virtue of her interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 1965.

# List of Top Thirty Largest Shareholders

as at 22 March 2017

Name	No. of shares held	%
1. Sarawak Energy Berhad	52,397,996	16.53%
2. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmBank Islamic Berhad for Mahmud Abu Bekir Taib (SCABLE)	33,725,000	10.64%
3. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmBank (M) Berhad for HNG Capital Sdn Bhd	30,000,000	9.46%
4. Central Paragon Sdn. Bhd.	26,082,000	8.23%
5. Toh Chee Ching	21,883,996	6.90%
6. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Mahmud Abu Bekir Taib	11,600,000	3.66%
7. RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Mahmud Abu Bekir Taib	10,000,000	3.15%
8. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	7,496,900	2.36%
9. HNG Capital Sdn. Bhd.	7,296,000	2.30%
10. UF Jaya Sdn. Bhd.	5,600,000	1.77%
11. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yek Siew Liong (PBCL-0G0186)	4,500,000	1.42%
12. Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (MIDF AM IS EQ)	3,296,300	1.04%
13. Mahmud Abu Bekir Taib	2,500,000	0.79%
14. Kiu Siu Ley	2,350,000	0.74%
15. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pui Chin Kim	2,160,000	0.68%

# List of Top Thirty Largest Shareholders

as at 22 March 2017

Name	No. of shares held	%
16. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	2,070,000	0.65%
17. Kumpulan Wang Simpanan Guru-Guru	1,838,000	0.58%
18. Ching Seng Chai	1,705,000	0.54%
19. RHB Capital Nominees (Tempatan) Sdn. Bhd. Tiong Teck Mee (SIB)	1,560,640	0.49%
20. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Azmil Khalili Bin Khalid	1,400,000	0.44%
21. Hoo Ting Yen	1,380,000	0.44%
22. Kumpulan Wang Simpanan Guru-Guru	1,350,000	0.43%
23. Yek Siew Liong	1,305,000	0.41%
24. Tan Eng @ Tan Chin Huat	1,100,000	0.35%
25. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tang Sing Ling	1,016,800	0.32%
26. Amanahraya Trustee Berhad BSN DANA AL-JADID	920,000	0.29%
27. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tiong Teck Mee	885,900	0.28%
28. Danice Endawie Ita	801,000	0.25%
29. Mah Chuen Huei	793,700	0.25%
30. Andrew Lim Cheong Seng	700,000	0.22%



# Directors' Interest in the Company

as at 22 March 2017

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
1 Dato Sri Mahmud Abu Bekir Taib	57,825,000	18.24%	26,082,000 <sup>(1)</sup>	8.23%
2 Datuk Fong Joo Chung	400,200	0.13%	-	-
3 Toh Chee Ching	31,547,496	9.95%	2,674,000 <sup>(2)</sup>	0.84%
4 Tan Sri Dato' Seri H'ng Bok San	237,240	0.07%	37,446,000 <sup>(3)</sup>	11.81%
5 Yek Siew Liong	5,855,000	1.85%	31,682,000 <sup>(4)</sup>	9.99%
6 Datuk Kevin How Kow	-	-	-	-
7 Dato' Ahmad Redza bin Abdullah	-	-	-	-
8 Erman bin Radin	125,160	0.04%	-	-
9 Dato Hajjah Hanifah Hajar Taib	-	-	-	-
10 Datuk Rozimi bin Remeli	-	-	-	-
11 Redzuan bin Rauf	-	-	-	-
12 Kon Ted Liuk (alternate director to Tan Sri Dato' Seri H'ng Bok San)	-	-	-	-

The Director, Dato Sri Mahmud Abu Bekir Taib, by virtue of his interests in the Company, is also deemed to have interests in shares in the related corporations of the Company to the extent the Company has an interest, pursuant to Section 8(4) of the Companies Act 2016. The other Directors have no interests in shares of the related corporations of the Company.

## Notes:

- (1) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (2) Deemed interested by virtue of his interest in Greatwall Tyre & Batteries (Kuching) Sdn. Bhd and his spouse's interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.
- (3) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. and his son's interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.
- (4) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Boadi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.

# List of Properties as at 31 December 2016

Item No.	Name of Company	Location	Description	Tenure	Land/ Built-up area (sq. ft.)	Age of Building (years)	Net Book Value (RM'000)	Date of Acquisition
1	Leader Cable Industry Berhad	HS (D) 2/1977, Plot 11, Mukim Pekula, Daerah Kuala Muda, Kedah	Double storey detached office building, three (3) storey detached office, a single storey guard house cum open-sheded parking, detached factory building and detached sub-station building	Leasehold interest 99 years expiring on 11 February 2076	508,514/32,780	27	18,191	13 February 1977
2	Leader Cable Industry Berhad	Lot No.8B, Mukim Pekula, Daerah Kuala Muda, Kedah	Industrial land	Leasehold interest 60 years expiring on 14 June 2049	87,120	-	942	30 June 1997
3	Leader Cable Industry Berhad	HS (M) 121, Plot 6, Mukim Pekula, Daerah Kuala Muda, Kedah	One and a half (1 ½) storey detached factory	Leasehold interest 99 years expiring on 9 November 2081	62,293/3,443	27	1,429	27 September 2002
4	Leader Cable Industry Berhad	HS (M) 2/1977, Plot 5, Mukim Pekula, Daerah Kuala Muda, Kedah	A double storey detached office building, a single storey detached pump house c/w water tank, a detached sub-station, a single storey detached guard house, a single storey detached guard house cum open-sheded parking, an open sided parking shed, a single storey detached warehouse (Block A), a single storey detached warehouse (Block B) and a single storey detached factory building	Leasehold interest 99 years expiring on 30 January 2076	383,052/19,066	27	11,253	31 May 1991
5	Leader Cable Industry Berhad	Geran 68913, Lot No 43816, Mk Kapar, Daerah Klang, Selangor	Three (3) storey office building, a single storey factory annexe, an EHV tower annexe, a canteen, a utilities building, a sub-station, a guardhouse and two (2) refuse chambers	Freehold	705,597/18,403	16	34,453	15 May 2012
6	Sarwaja Timur Sdn Bhd	Lot 342, Block 8, Muara Tebas Land District, Jalan Kampung Sejingkat, Off Jalan Bako, 93050 Kuching, Sarawak.	Three (3) storey administrative block, galvanising plant, a fabrication plant, a warehouse, and a guard house	Leasehold interest 60 years expiring on 6 November 2049	779,953/265,001	21	3,207	1 January 1999
7	Universal Cable (M) Berhad	Lot 7302, Title No. Geran 28831, Mukim of Tebrau, District of Johor Bahru, Johor	Double storey detached office building, a single storey detached factory cum double storey office building (Block A), a single storey detached factory (Block B), a single storey detached factory (Block D), a single storey workshop (Block E), a compound plant (Block F)	Freehold	495,549/71,999	38	34,474	1 January 1979
8	Universal Cable (M) Berhad	Lot 7301, Title No. Geran 28836, Mukim of Tebrau, District of Johor Bahru, Johor	Single storey detached factory	Freehold	67,317/25,740	38	3,952	1 January 1979
9	Universal Cable (M) Berhad	Lot No. MLO 6211, Title No. HS(D) 9028, Mukim of Plentong and District of Johor Bahru, Johor	Detached factory annexed with multi storey ccv tower, sub-station, HL and LT room, open shed, guard house and canteen	Freehold	593,770/350,131	23	48,855	1 January 1994
10	Universal Cable (Sarawak) Berhad	Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate, Phase III, 93050 Kuching, Sarawak	Three (3) adjoining units of single storey factory, three (3) storey administrative block, a single storey product warehouse, a raw material warehouse and a guard house	Leasehold interest 60 years expiring on 2 November 2063	261,348/121,766	8	1,625	3 November 2003

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Nineteenth (19th) Annual General Meeting of Sarawak Cable Berhad (“SCB” or “the Company”) will be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Monday, 15 May 2017 at 12:30 p.m. to transact the following businesses:

## AGENDA

### Ordinary Business

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.                                | <b>[Please refer to Explanatory Note (a)]</b> |
| 2. | To approve the payment of a First and Final Single Tier Dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2016.   | <b>Resolution 1</b>                           |
| 3. | To approve the following payments to Directors:   | <b>Resolution 2</b>                           |
|    | i) Directors’ fees amounting to RM1,145,152.00 for the financial year ended 31 December 2016  |   |
|    | ii) Meeting allowances up to RM120,000.00 for the year ending 31 December 2017 until the next annual general meeting of the Company.  | <b>Resolution 3</b>                           |
| 4. | To re-elect the following Directors retiring pursuant to Article 86 of the Company’s Articles of Association and being eligible, offer themselves for re-election:                        |   |
|    | i) Mr. Toh Chee Ching   | <b>Resolution 4</b>                           |
|    | ii) Mr. Yek Siew Liong  | <b>Resolution 5</b>                           |
| 5. | To re-elect the following Directors retiring pursuant to Article 93 of the Company’s Articles of Association and being eligible, offer themselves for re-election:                        |   |
|    | i) YBhg. Dato Hajjah Hanifah Hajar Taib   | <b>Resolution 6</b>                           |
|    | ii) YBhg. Datuk Rozimi Bin Remeli   | <b>Resolution 7</b>                           |
|    | iii) Encik Redzuan Bin Rauf   | <b>Resolution 8</b>                           |
| 6. | To re-appoint YBhg. Tan Sri Dato’ Seri H’ng Bok San @ H’ng Ah Ba to continue in office as a Director of the Company.  | <b>Resolution 9</b>                           |
| 7. | To re-appoint Messrs. Ernst & Young as auditors of the Company until the conclusion of the next annual general meeting and to authorise the Board of Directors to fix their remuneration. | <b>Resolution 10</b>                          |

### Special Business

- |    |   |                      |
|----|---|----------------------|
| 8. | To consider and, if thought fit, pass the following resolution as ordinary resolution:<br>• <b>Authority to issue shares pursuant to Section 75 of the Companies Act 2016</b>   | <b>Resolution 11</b> |
|    | “ <b>THAT</b> pursuant to Section 75 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.” |                      |
| 9. | To consider and, if thought fit, pass the following resolution as ordinary resolution:<br>• <b>Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature (“Shareholder Mandate”)</b>  | <b>Resolution 12</b> |
|    | “ <b>THAT</b> subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries (“SCB Group”) to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of SCB Group as outlined in Section 3.2 on pages 3 to 8 of the Circular to Shareholders dated 21 April 2017 (“Circular”), with the specific related parties mentioned therein subject further to the followings:  |                      |

# Notice of Annual General Meeting

- (i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and
- (ii) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:
  - the type of the recurrent related party transactions made; and
  - the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

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

- (i) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

**AND THAT** the Board of Directors of the Company be and is hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate."

10. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Articles of Association.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a First and Final Single Tier Dividend of 3.0 sen per ordinary share, in respect of the financial year ended 31 December 2016, if approved at the Nineteenth (19th) Annual General Meeting, will be payable on 28 July 2017 to depositors whose names appear in the Record of Depositors on 7 July 2017.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred to the depositor's securities account before 4:00 p.m. on 7 July 2017 in respect of transfer; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**By Order of the Board of Directors**

**Teoh Wen Jinq (MIA 25770)**

Company Secretary

Kuching, Sarawak

Dated: 21 April 2017

### Explanatory Notes:

- (a) ***This agenda item is meant for discussion only and therefore, it will not be put forward for voting.***
- (b) ***Ordinary resolution in relation to the re-election of Independent Non-Executive Directors (proposed resolutions no. 7 and 8)***

*The Nomination Committee and the Board of Directors have assessed the independence of YBhg. Datuk Rozimi Bin Remeli and Encik Redzuan Bin Rauf and recommended them to be re-elected as the Directors of the Company.*

- (c) ***Proposed resolution 9 – Re-appointment of director***

*At the 18th annual general meeting of SCB held on 26 May 2016, YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba who is above the age of 70 years was re-appointed pursuant to S129(6) of the Companies Act 1965 to hold office until the conclusion of the 19th annual general meeting of SCB.*

*His term of office will end at the conclusion of the 19th annual general meeting of SCB. YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba has offered himself for re-appointment. With the enforcement of the first phase of the Companies Act 2016 on 31 January 2017, the Companies Act 1965 is repealed. Pursuant to the Companies Act 2016, there is no maximum age limit for directors.*

# Notice of Annual General Meeting

The proposed Resolution 9, if passed, will enable YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba to continue in office and he shall be subject to retirement by rotation in accordance with the Company's Articles of Association.

The Nomination Committee has assessed YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba and recommended for his re-appointment which has been duly endorsed by the Board of Directors of SCB.

## **(d) Ordinary resolution on Authority to issue shares pursuant to Section 75 of the Companies Act 2016**

The proposed resolution no. 11 will give powers to the Directors to issue shares up to ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the Company's annual general meeting held on 26 May 2016 ("AGM 2016"). The Company did not utilize the mandate that was approved at the AGM 2016.

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

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

## **(e) Ordinary resolution on Shareholder Mandate for recurrent related party transactions**

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

The proposed resolution no. 12, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.2 on pages 3 to 8 of the Circular dated 21 April 2017 ("Circular"), which are necessary for the SCB Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

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

Please refer to the Circular for further information.

### **Notes:**

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
2. A member entitled to attend, speak and vote at this Annual General Meeting shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
6. A depositor whose name appears in the Record of Depositors as at 8 May 2017 shall be entitled to attend the meeting and to speak and vote thereat.



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# SARAWAK CABLE BERHAD

(Company No. 456400-V)

## Form of Proxy

CDS Account No.	
No. of shares held	

\* I/We ..... (Name in full) ..... (\*NRIC/Company No.)  
of ..... (Address)  
being \*a member/members of **Sarawak Cable Berhad ("the Company")** hereby  
appoint ..... (Name in full) ..... (\*NRIC/Passport No.) or  
failing \*him/her, ..... (Name in full) ..... (\*NRIC/Passport No.)  
or the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Nineteenth (19th) Annual  
General Meeting of the Company to be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim,  
93450 Kuching, Sarawak on Monday, 15 May 2017 at 12:30 p.m. and, at any adjournment thereof for/against the resolution(s) to  
be proposed thereat.

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

No.	Resolutions	For	Against
1	To approve the payment of a First and Final Single Tier Dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2016.		
2	To approve the payment of Directors' fees amounting to RM1,145,152.00 for the financial year ended 31 December 2016.		
3	To approve the payment of meeting allowances up to RM120,000.00 for the year ending 31 December 2017 until the next annual general meeting of the Company.		
4	To re-elect Mr. Toh Chee Ching as Director.		
5	To re-elect Mr. Yek Siew Liong as Director.		
6	To re-elect YBhg. Dato Hajjah Hanifah Hajar Taib as Director.		
7	To re-elect YBhg. Datuk Rozimi Bin Remeli as Director.		
8	To re-elect Encik Redzuan Bin Rauf as Director.		
9	To re-appoint YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba as Director.		
10	To re-appoint Messrs. Ernst & Young as auditors.		
11	To authorise the Directors to issue shares pursuant to Section 75 of the Companies Act 2016.		
12	To approve the proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature.		

\* Strike out whichever is not desired.

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

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

Proxy 1	%
Proxy 2	%
Total	100%

Dated this ..... day of ..... 2017

.....  
\*Signature of shareholder(s)/common seal

### Notes:-

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6. A depositor whose name appears in the Record of Depositors as at 8 May 2017 shall be entitled to attend the meeting and to speak and vote thereat.

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AFFIX  
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The Company Secretary

**SARAWAK CABLE BERHAD**

(Company No. 456400-V)

**Registered Office**

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

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**SARAWAK  
CABLE  
BERHAD**  
(Company No. 456400-V)

Registered Office  
Lot 767, Block 8, Muara Tebas Land District  
Demak Laut Industrial Estate Phase III  
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