

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)

Transacting parties	Nature of relationship	Business activities of the company	Nature of Transaction	Value transacted for the ← FYE 31 December →			
				2007 RM 000	2008 RM 000	2009 RM 000	Forecast for 2010 RM 000
Universal Cable (Sarawak) and Sarwaja Timur	Sarwaja Timur is a wholly-owned subsidiary of Sarawak Energy, which in turn is a major shareholder of Sarawak Cable.  Datuk Fong Joo Chung is also a Director of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Energy.	Manufacture, fabrication, galvanising and sale of steel structures	Sale of cables and conductors	635	38,228	2,112	8,860
Universal Cable (Sarawak) and Universal Cable (M)	Universal Cable (M) is a wholly-owned subsidiary of Leader Universal, which in turn is a major shareholder of Sarawak Cable.  Dato' Seri H'ng Bok San @ H'ng Ah Ba is also a Director of Sarawak Cable, Universal Cable (Sarawak) and Leader Universal.  Kon Ted Liuk is the Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba and a Director of Universal Cable (Sarawak) and Leader Universal.	Manufacture and sale of telecommunication and power cables and aluminium rods	Purchase of aluminium rods (raw materials) and cables (for trading of power cables and wires)  Sale of high voltage bare conductors	25,243	53,007	19,435	65,006
				4,614	-	25,271	-

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)

Transacting parties	Nature of relationship	Business activities of the company	Nature of Transaction	Value transacted for the ← FYE 31 December →			
				2007 RM 000	2008 RM 000	2009 RM 000	Forecast for 2010 RM 000
Universal Cable (Sarawak) and Alpha Industries	Alpha Industries is a subsidiary of Leader Universal, which in turn is a major shareholder of Sarawak Cable.  Dato' Seri H'ng Bok San @ H'ng Ah Ba is also a Director of Sarawak Cable, Universal Cable (Sarawak) and Leader Universal.  Kon Ted Liuk is the Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba and a Director of Universal Cable (Sarawak) and Leader Universal.	Manufacture and sale of copper rods	Purchase of copper wires	20,804	26,052	4,535	17,046
Universal Cable (Sarawak) and Sejingkat Power Corporation Sdn Bhd	Sejingkat Power Corporation Sdn Bhd is a wholly-owned subsidiary of Sarawak Energy, which in turn is a major shareholder of Sarawak Cable.  Datuk Fong Joo Chung is also a Director of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Energy.	Power generation	Sale of cables	-	-	47	340

Our Directors are of the opinion that these transactions have been entered into on an arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties.

#### 10.2.2 Non-recurrent Related Party Transactions Entered Into That are Material or Unusual in their Nature or Conditions

Our Group does not have any other existing and/or proposed non-recurrent related party transactions entered into/to be entered into by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or key management and/or persons connected with them for the past three (3) FYEs 31 December 2009.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)**

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**10.2.3 Outstanding Loans and Guarantees**

There are no outstanding loans (including guarantees of any nature) made by our Group to or for the benefit of our related parties in respect of the past three (3) FYEs 31 December 2009.

**10.2.4 Interest in Contracts or Arrangements**

Save for the Acquisition, none of our Directors or major shareholders has any interest in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole.

The Directors of our Company are of the opinion that the business transactions between our Group and the Directors and major shareholders of our Group are on an arms' length basis and on terms not more favourable to the related parties than those generally available to the public. Details of the monitoring and oversight of the related party transactions are set out in Section 10.4 of this Prospectus.

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## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)

## 10.3 CONFLICT OF INTERESTS

Save as disclosed below, none of our Directors has any interest, direct or indirect, in any business or corporation carrying on a similar trade as our Group, or any business or corporation which are also our customers and suppliers:

Director	Company	Principal activities	Directorship	As at the LPD		Mitigating factor
				Direct No. of shares held	Indirect No. of shares held	
Dato' Seri H'ng Bok San @ H'ng Ah Ba (Non-Independent Non-Executive Director of Sarawak Cable and Director of Universal Cable (Sarawak))	Leader Universal	Investment holding	Executive Deputy Chairman	03,876	0380,252,967	18.39
				#		%
	Leader Cable Industry Berhad	Manufacture and sale of telecommunication and power cables	-	-	027,799,707	100.00
	Universal Cable (M)	Manufacture and sale of telecommunication and power cables and aluminium rods	-	-	062,503,214	100.00
Kon Ted Liuk (Alternate Director to Dato' Seri H'ng Bok San @ H'ng Ah Ba and Director of Universal Cable (Sarawak))	Leader Universal	Investment holding	Deputy Managing Director	570,000	0270,000	0.06
	Leader Cable Industry Berhad	Manufacture and sale of telecommunication and power cables	Director	-	-	-

Leader Universal is a substantial shareholder of our Company. Leader Cable Industry Berhad and Universal Cable (M) are wholly-owned subsidiaries of Leader Universal. Universal Cable (M) is our supplier of medium and high voltage power cables and wires and our customer for the supply of high voltage bare conductors.

Dato' Seri H'ng Bok San @ H'ng Ah Ba's interests in Leader Universal and its subsidiaries involved in the cables and wires industry, through Leader Universal, and capacity as an Executive Deputy Chairman of Leader Universal, Non-Independent Non-Executive Director of our Company and Director of Universal Cable (Sarawak) will not give rise to a conflict of interest situation as he is not actively involved in the management and day-to-day operations of our Group.

Kon Ted Liuk's interests in Leader Universal and capacity as Deputy Managing Director of Leader Universal, Director of Leader Cable Industry Berhad and Director of Universal Cable (Sarawak) will not give rise to a conflict of interest situation as he is not actively involved in the management and day-to-day operations of our Group.

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)

Director	Company	Principal activities	Directorship	As at the LPD				Mitigating factor
				Direct No. of shares held	%	Indirect No. of shares held	%	
Dato' H'ng Chun Hsiang (Director of Universal Cable (Sarawak))	Leader Universal	Investment holding	Managing Director and Chief Executive Officer	1,338,000	0.31	(3)52,200,606	11.96	Dato' H'ng Chun Hsiang's interests in Leader Universal and its subsidiaries involved in the cables and wires industry, through Leader Universal, and capacity as the Managing Director and Chief Executive Officer of Leader Universal, Director of Universal Cable (M) and Director of Universal Cable (Sarawak) will not give rise to a conflict of interest situation as he is not actively involved in the management and day-to-day operations of our Group.
	Leader Cable Industry Berhad	Manufacture and sale of telecommunication and power cables	-	-	-	(3)27,799,707	100.00	
	Universal Cable (M)	Manufacture and sale of telecommunication and power cables and aluminium rods	Director	-	-	(3)62,503,214	100.00	
Datuk Fong Joo Chung (Non-Independent Non-Executive Deputy Chairman of Sarawak Cable and Director of Universal Cable (Sarawak))	Sarawak Energy	Investment holding, generation, transmission, distribution and sale of electricity, manufacture, fabrication, galvanising and sale of steel structures	Non-Independent Non-Executive Director	-	-	-	-	Sarawak Energy is a substantial shareholder of our Company. Sarawak Energy and its group of companies are also customers of our Group.  Datuk Fong Joo Chung's interests in Sarawak Energy and capacity as the Non-Independent Non-Executive Director of Sarawak Energy, Non-Independent Non-Executive Deputy Chairman of Sarawak Cable and Director of Universal Cable (Sarawak) will not give rise to a conflict of interest situation as he is not actively involved in the management and day-to-day operations of our Group.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)***Notes:*

- # *Negligible.*
- (1) *Held in trust for shareholders of Leader Universal.*
- (2) *Deemed interested by virtue of his interest in Zun Holdings Sdn Bhd, Prominent Development (M) Sdn Bhd and GUH Holdings Berhad pursuant to Section 6A of the Act and shareholdings of his spouse and daughter.*
- (3) *Deemed interested by virtue of their interests in Leader Universal pursuant to Section 6A of the Act.*
- (4) *Deemed interested by virtue of the shareholdings of his spouse and son.*
- (5) *Deemed interested by virtue of his interest in Zun Holdings Sdn Bhd pursuant to Section 6A of the Act.*

The Directors of our Group, save for Dato' Seri H'ng Bok San @ H'ng Ah Ba, Kon Ted Liuk, Dato' H'ng Chun Hsiang and Datuk Fong Joo Chung (collectively referred to as the "Interested Directors") wish to emphasise that although the Interested Directors are Directors of our Group, they are not actively involved in the management and day-to-day operations of our Group. The daily operations of our Group are managed by our Managing Director/Chief Executive Officer, key management and key technical personnel. Our Board, save for the Interested Directors, are of the view that the interests and directorships of the Interested Directors of our Group in all other companies/businesses which are involved in a similar business as our Group, or any business or corporation which are also our customers and suppliers, will not result in any material conflict of interest as the Interested Directors (save for Datuk Fong Joo Chung, who is the Non-Independent Non-Executive Director of Sarawak Energy) devote a majority of their time and efforts to their executive functions in the Leader Universal group of companies. However, their involvement in the executive functions in the Leader Universal group of companies will not preclude them from allocating time to attend meetings of our Board and discharging their principal areas of responsibility as Directors of our Group.

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)

Save as disclosed below, none of our substantial shareholders has any interest, direct or indirect, in any business or corporation carrying on a similar trade as our Group, or any business or corporation which are also our customers and suppliers:

Substantial shareholder	Company	Principal activities	As at the LPD			
			Direct		Indirect	
			No. of shares held	%	No. of shares held	%
Leader Universal	Leader Cable Industry Berhad	Manufacture and sale of telecommunication and power cables	27,799,707	100.00	-	-
	Universal Cable (M)	Manufacture and sale of telecommunication and power cables and aluminium rods	62,503,214	100.00	-	-

Leader Universal is a substantial shareholder of our Company. Leader Cable Industry Berhad and Universal Cable (M) are wholly-owned subsidiaries of Leader Universal. Universal Cable (M) is our supplier of medium and high voltage power cables and wires and our customer for the supply of high voltage bare conductors.

The Directors of our Group, save for the Interested Directors, are of the view that Leader Universal's interest in companies/businesses which are involved in a similar business as Universal Cable (Sarawak) will not result in any material conflict of interest situations based on the following justifications:

(i) *Different range of products*

As at the LPD, the range of products manufactured by our Group and Leader Universal Group are as follows:

Products	Universal Cable (Sarawak)	Leader Universal Group
Low voltage power cable <sup>(1)</sup>	X	X
Medium and high voltage power cable		X
Aluminium conductor <sup>(2)</sup>	X	X
Telephone cable		X
Fibre optic cable		X
Aluminium rod		X
Copper rod		X

*Notes:*

(1) *Includes single core and multicore power cables and wires.*

(2) *Includes aluminium low voltage power cables and wires and high voltage bare conductors.*

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)**

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Our Group presently has the capability and capacity to manufacture low voltage power cables of up to 1kV and medium and high voltage bare conductors. However, save for high voltage bare conductors, we do not have the capability to manufacture medium and high voltage power cables with voltage measurements of 6.6kV, 11kV, 33kV, 132kV and 275kV. There are certain specifications of medium and high voltage power cables which are not economical for our Group to manufacture due to the limitations in production capacity but instead we will source for supplies from Leader Universal Group. In addition, for the past two (2) FYEs 31 December 2009, our core revenue contributor, namely the sales of low voltage power cables and wires and aluminium conductor and cables accounted for 70.0% and 89.2% respectively of our total Group sales. The core revenue contributor for Leader Universal Group is the sales of copper rods, which accounted for 58.6% and 55.5% respectively of the total audited cables and wires segmental revenue of Leader Universal Group for the past two (2) FYEs 31 December 2009.

**(ii) *Different geographical segments***

Our Group principally operates in the East Malaysia market and presently does not have any presence in Peninsular Malaysia and overseas markets. The principal markets for the cables and wires segment of Leader Universal Group are in Peninsular Malaysia and the export markets. For the two (2) FYEs 31 December 2009, 100% of our Group's revenue was contributed by the East Malaysia market, where at least 90% of our Group's revenue was derived from Sarawak. Thus, both our Group and Leader Universal Group do not operate in similar geographical market segments wherein our Group mainly focuses on the East Malaysia market whereas Leader Universal Group focuses on the Peninsular Malaysia and export markets.

**(iii) *Involvement of Leader Universal in Universal Cable (Sarawak) is minimal***

The Board of Directors of Universal Cable (Sarawak) comprises eight (8) Directors. Leader Universal presently has three (3) representatives on the Board of Universal Cable (Sarawak), namely Dato' Seri H'ng Bok San @ H'ng Ah Ba, Dato' H'ng Chun Hsiang and Kon Ted Liuk ("Leader Universal Representatives"). Dato' Seri H'ng Bok San @ H'ng Ah Ba and Dato' H'ng Chun Hsiang are appointed in a non-executive capacity to the Board of Universal Cable (Sarawak) whilst Kon Ted Liuk sits on the Executive Committee of the Board of Universal Cable (Sarawak).

Leader Universal's involvement in managing the affairs of Universal Cable (Sarawak) is minimal. At Universal Cable (Sarawak)'s commencement of business in July 1980, Universal Cable (M) had provided its expertise in the form of training to the operators of Universal Cable (Sarawak) on operation and technical advice on cable construction. Since then, there has been no involvement by Leader Universal Group in the operations of Universal Cable (Sarawak). During the first quarter of 2007 and the first and second quarters of 2008, Leader Cable Industry Berhad and Universal Cable (M) assisted Universal Cable (Sarawak) in the supervision of the conductor construction process and provided relevant testing of products to Universal Cable (Sarawak) for the new high voltage bare conductors, namely AAAC which Universal Cable (Sarawak) launched during the second quarter of 2007 and ACSR, which was launched during the third quarter of 2008.



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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)**

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The Leader Universal Representatives, which have executive functions in Leader Universal Group, have confirmed and our Board is of the opinion that the directorships of the Leader Universal Representatives in our Group will not give rise to a material conflict of interest situation in view of their active involvement in the management and day-to-day operations of Leader Universal Group. In the event that any of the Directors of our Group and/or major shareholders and persons connected to them have any interest, direct or indirect, in a transaction involving our Group with Leader Universal and/or Sarawak Energy, the interested Director and/or corporate representatives will declare their interest in the said transaction and abstain from all deliberations and voting at the relevant Board meetings to ensure that no material conflict of interest situation will arise.

(iv) ***Customer base***

Our customers such as power utility companies, project owners, building contracting companies, electrical works contracting companies, tradespersons and resellers in East Malaysia, are primarily concentrated in Kuching, Sibul, Miri and Bintulu in Sarawak, Kota Kinabalu, Lahad Datu, Tawau and Sandakan in Sabah, and Federal Territory of Labuan.

Our main target customers are developers, wholesalers, contractors and retailers whilst the Leader Universal Group's customer base is wide and diversified, comprising Tenaga Nasional Berhad, Telekom Malaysia Berhad, other cable manufacturers, contractors, developers, wholesalers, companies in the steel, electronics, transformer and packaging industries and wholesalers.

Wholesalers, contractors and developers are major customer groups of our Group and the Leader Universal Group. However, they are generally not customers operating within the same geographical area.

(v) ***Future prospects and plans***

As highlighted in Section 7.12 of this Prospectus, the future plans of our Group are focused on four (4) key areas, namely the development of new and enhanced products such as low voltage aerial bundled cables and low voltage two (2)-core twin twisted cables, expansion of our current manufacturing facilities namely the purchase of machinery and equipment to increase production capacity, expansion into the manufacture of hybrid power inverters business and venturing into the supply of aluminium rods as well as providing value-added services such as provision of supply, installation and commissioning services to our customers.

As the future plans and business expansion plans of our Group are focused on new product initiatives and value-added services not currently provided by the Leader Universal Group, this will not result in a cannibalism situation or material conflict of interests situation with the business of Leader Universal Group.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (CONT'D)**

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**10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS**

Related party transactions, by their very nature, involve a conflict of interests between us and the related parties of our Group. Any related party transaction or conflict of interests situation involving our Group (including any future related party transaction and conflict of interests situation) must be reviewed by our Audit Committee which would subsequently report to our Board for their further action. If any related party transaction involves any of:

- (a) our Directors and persons connected/related with them;
- (b) our major shareholders and persons connected/related with them; or
- (c) our Directors and major shareholders and persons connected/related with them,

the relevant Director and major shareholder and persons connected/related with them are required to abstain from deliberation and/or voting at the relevant Board meeting and general meeting in deciding on the related party transaction.

Further, our Audit Committee periodically reviews the procedures set by us to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties, dealt at arm's length with our Group and are not detrimental to the interest of our minority shareholders.

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## 11. FINANCIAL INFORMATION

### 11.1 HISTORICAL PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The following tables summarise our proforma consolidated financial statements based on the audited financial statements of our Group for the financial years under review. The proforma consolidated financial statements of Sarawak Cable are provided for illustrative purposes only, after incorporating such adjustments considered necessary and assuming that the present structure of our Group has been in existence throughout the financial years under review.

The financial statements used in the preparation of the proforma consolidated financial statements were prepared in accordance with approved accounting standards in Malaysia and have been reviewed by our Reporting Accountants, Messrs. Ernst & Young. The bases and accounting policies used for the purpose of preparing our proforma consolidated financial statements are consistent with those adopted in the preparation of the audited financial statements of our Group for the financial years under review.

You should read the proforma consolidated financial statements in conjunction with the management discussion and analysis of financial conditions and results of operations and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Sections 11.2 and 11.3 of this Prospectus respectively.

#### 11.1.1 Proforma Consolidated Income Statement

	← FYE 31 December →		
	2007 RM 000	2008 RM 000	2009 RM 000
Revenue	104,070	135,697	89,795
Cost of goods sold	(91,028)	(120,140)	(74,466)
Gross profit	13,042	15,557	15,329
Other income	1,314	651	760
Selling and distribution expenses	(1,421)	(2,099)	(2,793)
Administrative expenses	(1,709)	(1,931)	(2,505)
Other expenses	(181)	(622)	(116)
Operating profit	11,045	11,556	10,675
Finance costs	(15)	(673)	(212)
PBT	11,030	10,883	10,463
Taxation	284	(2,100)	(2,368)
PAT	11,314	8,783	8,095
EBITDA	12,082	12,943	12,634
No. of Sarawak Cable Shares assumed in issue <sup>(1)</sup> (000)	107,000	107,000	107,000
Gross EPS <sup>(2)</sup> (sen)	10.31	10.17	9.78
Net EPS <sup>(3)</sup> (sen)	10.57	8.21	7.57
Gross profit margin (%)	12.53	11.46	17.07
PBT margin (%)	10.60	8.02	11.65
PAT margin (%)	10.87	6.47	9.01
Effective tax rate (%)	3.36	16.39	22.50

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**11. FINANCIAL INFORMATION (CONT'D)**

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*Notes:*

- (1) *Being the number of Sarawak Cable Shares assumed in issue after the Restructuring Exercise but before the IPO.*
- (2) *Computed based on the consolidated PBT divided by the number of Sarawak Cable Shares assumed in issue after the Restructuring Exercise but before the IPO.*
- (3) *Computed based on the consolidated PAT divided by the number of Sarawak Cable Shares assumed in issue after the Restructuring Exercise but before the IPO.*
- (4) *There was no extraordinary or exceptional item for the financial years under review.*
- (5) *There was no significant inter-company transaction to eliminate for the financial years under review.*

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## 11. FINANCIAL INFORMATION (CONT'D)

## 11.1.2 Proforma Consolidated Cash Flow Statement of our Group

	← FYE 31 December →		
	2007 RM 000	2008 RM 000	2009 RM 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
PBT	11,030	10,883	10,463
Adjustments for:			
Amortisation of prepaid land lease payments	55	66	64
Depreciation of property, plant and equipment	984	1,322	1,895
Formation expenses written off	-	-	6
Reversal of provision for doubtful debts	(514)	(224)	(137)
Gain on disposal of property, plant and equipment	(51)	(5)	(152)
Interest income	(172)	(16)	(15)
Interest expense	14	672	212
Goodwill written off	-	17	-
Provision for doubtful debts	178	-	-
Gain on disposal of marketable securities	(3)	-	-
Inventories written off	-	4	30
Write-down of inventories	-	481	-
Unrealised gain on marketable securities	(27)	-	-
Operating profit before working capital changes	11,494	13,200	12,366
Decrease/(Increase) in inventories	1,917	(11,982)	10,866
(Increase)/Decrease in receivables	(4,537)	(42,433)	38,821
(Decrease)/Increase in payables	(4,136)	31,090	(31,744)
Cash generated from/(used in) operations	4,738	(10,125)	30,309
Tax paid	(3,181)	(659)	(1,687)
Interest paid	(14)	(672)	(212)
Formation expenses paid	-	-	(6)
Net cash generated from/(used in) operating activities	1,543	(11,456)	28,404
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(6,334)	(9,396)	(7,211)
Proceeds from disposal of marketable securities	1,003	-	-
Acquisition of an acquiree	-	#	-
Proceeds from disposal of property, plant and equipment	51	5	384
Interest received	172	16	15
Net cash used in investing activities	(5,108)	(9,375)	(6,812)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from hire purchase payables	318	-	-
Proceeds from/(Repayment of) bankers' acceptances	-	21,032	(21,032)
Repayment of hire purchase payables	(112)	(135)	(147)
Dividends paid	(5,000)	-	*(5,350)
Proceeds from New Issue	-	-	1,224
Proceeds from Public Issue	-	-	9,100
Payment of estimated listing expenses	-	-	(2,100)
Proceeds from issuance of shares to minority interest	-	-	245
Net cash (used in)/generated from financing activities	(4,794)	20,897	(18,060)
<b>NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES</b>	<b>(8,359)</b>	<b>66</b>	<b>3,532</b>
<b>CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR</b>	<b>10,059</b>	<b>1,700</b>	<b>1,766</b>
<b>CASH AND BANK BALANCES AT THE END OF THE YEAR</b>	<b>1,700</b>	<b>1,766</b>	<b>5,298</b>

**11. FINANCIAL INFORMATION (CONT'D)***Notes:*# *Representing RM2.*\* *Includes the Interim Dividend and Final Dividend.***11.1.3 Proforma Consolidated Balance Sheets of our Group as at 31 December 2009**

	Audited As at 31 December 2009 RM 000	Proforma I After Final Dividend and Public Issue RM 000	Proforma II After Proforma I and utilisation of listing proceeds RM 000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	34,655	34,655	38,126
Prepaid land lease payments	2,833	2,833	2,833
	37,488	37,488	40,959
<b>CURRENT ASSETS</b>			
Inventories	17,606	17,606	17,606
Trade and other receivables	31,340	31,340	31,340
Cash and bank balances	4,444	10,869	5,298
	53,390	59,815	54,244
<b>TOTAL ASSETS</b>	<b>90,878</b>	<b>97,303</b>	<b>95,203</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF OUR COMPANY</b>			
Share capital	16,200	22,700	22,700
Share premium	24	2,624	524
Revaluation reserve	452	452	452
Retained earnings	62,779	60,104	60,104
Minority interest	240	240	240
<b>TOTAL EQUITY</b>	<b>79,695</b>	<b>86,120</b>	<b>84,020</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	2,226	2,226	2,226
<b>CURRENT LIABILITIES</b>			
Borrowings	-	-	-
Trade and other payables	8,792	8,792	8,792
Tax payable	165	165	165
	8,957	8,957	8,957
<b>TOTAL LIABILITIES</b>	<b>11,183</b>	<b>11,183</b>	<b>11,183</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>90,878</b>	<b>97,303</b>	<b>95,203</b>
No. of Sarawak Cable Shares in issue (000)	107,000	120,000	120,000
NA (RM 000)	79,695	86,120	84,020
NA per Share (RM)	0.75	0.72	0.70

The financial statements of our Group for the past three (3) FYEs 31 December 2009 had been reported by our auditors without any qualifications.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

You should read the following discussion and analysis of our financial condition, results of operations and prospects together with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 11.3 of this Prospectus. The following management's discussion and analysis of our financial condition, results of operations and prospects as set out below have been made based on our proforma consolidated financial information for the past three (3) FYEs 31 December 2009.

This discussion and analysis contain forward-looking statements that involve risks and uncertainties and reflect our current views with respect to future events and financial performance. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those stated on the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

**11.2.1 Overview****(i) Revenue**

Our Company is principally an investment holding company whilst Universal Cable (Sarawak), our wholly-owned subsidiary, is principally involved in the manufacture of power cables and wires.

Universal Cable (Sarawak) commenced its operations in 1980 in the business of trading of power cables and wires. In 1982, as part of its business expansion, Universal Cable (Sarawak) ventured into the manufacturing of power cables and wires focusing on low voltage single core power cables and wires with the capability to support power up to 1kV. Since 1982, Universal Cable (Sarawak) had grown in terms of manufacturing capacity, size and product range. Universal Cable (Sarawak) has established itself today as a reliable and reputable manufacturer of low voltage power cables and wires in East Malaysia. Our Group operates from our head office and manufacturing plant in Demak Laut Industrial Estate Phase III, Kuching, Sarawak and our branch office in Kota Kinabalu, Sabah.

Our Group's revenue is principally derived from the sales of low voltage power cables and wires and high voltage bare conductors. The types of low voltage power cables and wires manufactured by our Group are single core power cables and wires and multicore power cables and wires which are either armoured or non-armoured. Low voltage power cables and wires which are made of copper or aluminium, are essentially used in distribution lines, as well as inside end-user homes, offices and factories.

Our Group also manufactures high voltage bare conductors that support voltage in excess of 33kV. Bare core conductors are single core conductors made of aluminium or aluminium alloy without any insulation.

## 11. FINANCIAL INFORMATION (CONT'D)

The table below sets forth the breakdown of our Group's revenue by business activities for the three (3) FYEs 31 December 2009:

*Revenue by business activities*

	←-----FYE 31 December-----→					
	←-----2007-----→		←-----2008-----→		←-----2009-----→	
	RM 000	%	RM 000	%	RM 000	%
Sales of power cables and wires	104,005	99.94	134,337	99.00	89,795	100.00
Sales of PVC accessories	65	0.06	220	0.16	-	-
Project revenue	-	-	1,140	0.84	-	-
<b>Total</b>	<b>104,070</b>	<b>100.00</b>	<b>135,697</b>	<b>100.00</b>	<b>89,795</b>	<b>100.00</b>

*(a) Sales of cables and wires*

Revenue from sales of cables and wires is principally derived from the sales of low voltage power cables and wires and high voltage bare conductors which our Group currently manufactures and the trading of high and medium voltage power cables and wires, which are sourced externally and not manufactured in-house.

Revenue from the sale of cables and wires contributed 99.94%, 99.00% and 100.00% of our Group's total revenue for the three (3) FYEs 31 December 2009.

*(b) Sales of PVC accessories*

The sales of PVC accessories were undertaken by our Group in an effort to offer better services to our cables and wires customers. Revenue from sales of PVC accessories contributed less than 1% to our Group's revenue for the financial years under review. However, revenue from the sales of PVC accessories to our cables and wires customers tend to fluctuate as and when there is a demand from our cables and wires customers who may also be able to source for their PVC accessories supply elsewhere.

*(c) Project revenue*

Project revenue represents the revenue from turnkey projects awarded by SESCO for the laying of cables and circuit works as specified in the contract. Some notable projects which we have completed up to 31 December 2008 are the double circuit 48MVA 33kV system, 33kV underground cable laying and 33kV 3C x 95mm<sup>2</sup> submarine cable laying projects. There was no project revenue recorded for the FYEs 31 December 2007 and 2009 because there were no projects completed by our Group and no projects were awarded by SESCO to our Group during the financial years. Historically, project revenue contribution to our Group's total revenue fluctuates as different contract sums were recorded for various types of projects awarded. We secured a turnkey project from SESCO during the FYE 31 December 2008 for the supply, installation and laying of submarine fibre optic cables across the Baram River at Marudi, Sarawak.



## 11. FINANCIAL INFORMATION (CONT'D)

Revenue recognition policy for project revenue is determined by the timeframe of the project. Project revenue on long-term contract is recognised using the percentage of completion method whilst project revenue on short-term contract is recognised upon the substantial completion of each project.

The breakdown of our Group's revenue by products categories for the three (3) FYEs 31 December 2009 is as follows:

**Revenue by product categories**

	FYE 31 December					
	2007		2008		2009	
	RM 000	%	RM 000	%	RM 000	%
<b>Low voltage power cables and wires</b>						
Single core copper power cables and wires	36,929	35.48	35,055	25.83	23,929	26.65
Multicore copper power cables and wires	26,058	25.04	29,684	21.88	16,246	18.09
Aluminium power cables and wires	11,919	11.45	13,686	10.09	10,258	11.42
	74,906	71.97	78,425	57.80	50,433	56.16
<b>High voltage bare conductors</b>	7,796	7.49	16,547	12.19	29,643	33.01
<b>Trading of power cables and wires<sup>(1)</sup></b>	21,303	20.48	39,365	29.01	9,719	10.83
<b>PVC accessories</b>	65	0.06	220	0.16	-	-
<b>Project revenue<sup>(2)</sup></b>	-	-	1,140	0.84	-	-
<b>Total</b>	<b>104,070</b>	<b>100.00</b>	<b>135,697</b>	<b>100.00</b>	<b>89,795</b>	<b>100.00</b>

**Notes:**

- (1) Represents revenue from trading of medium and high voltage power cables and wires which our Group does not manufacture but sourced externally to supplement our range of in-house manufactured products.
- (2) Project revenue relates to the turnkey projects awarded by SESCO for the laying of cables and wires.

Manufacturing of low voltage power cables and wires comprises single core copper, multicore copper and aluminium power cables and wires. Revenue from the manufacture of low voltage power cables and wires contributed 71.97%, 57.80% and 56.16% of our Group's total revenue for the three (3) FYEs 31 December 2009. Revenue from the manufacture of single core copper power cables and wires was the largest revenue contributor from manufacturing of low voltage power cables and wires to our Group for the three (3) FYEs 31 December 2009, contributing 35.48%, 25.83% and 26.65% respectively to our Group's total revenue.

## 11. FINANCIAL INFORMATION (CONT'D)

Revenue from the manufacturing of high voltage bare conductors accounted for 7.49%, 12.19% and 33.01% of our Group's total revenue for the three (3) FYEs 31 December 2009. Our Group began manufacturing high voltage bare conductors, namely AAAC during the second quarter of 2007 and ACSR in 2008. The increasing revenue trend of the high voltage bare conductors was due to our success in securing transmission line projects for the supply of ACSR and AAAC during the two (2) FYEs 31 December 2007 and 2008.

Our Group's revenue is solely derived from our wholly-owned subsidiary, Universal Cable (Sarawak). For the three (3) FYEs 31 December 2009, our Group's revenue was solely contributed by the local market, namely the East Malaysian market. No revenue was derived from the export markets.

The following is the breakdown of our Group's revenue by geographical segments for the three (3) FYEs 31 December 2009:

**Revenue by geographical segments**

	FYE 31 December					
	2007		2008		2009	
	RM 000	%	RM 000	%	RM 000	%
Sarawak	94,590	90.89	112,868	83.18	80,861	90.05
Sabah	9,480	9.11	22,829	16.82	8,934	9.95
<b>Total</b>	<b>104,070</b>	<b>100.00</b>	<b>135,697</b>	<b>100.00</b>	<b>89,795</b>	<b>100.00</b>

Sarawak was the largest market for our Group, accounting for 90.89%, 83.18% and 90.05% respectively of our Group's total revenue for the three (3) FYEs 31 December 2009.

During the FYE 31 December 2009, our Group recorded a 60.87% decrease in revenue contribution from the Sabah market as compared to the preceding financial year. The decrease in revenue contribution from Sabah was mainly attributable to the lower demand from Rural Electrification Scheme projects to develop and improve infrastructure and schools in rural areas of Sabah resulting from a decrease in public and private sector development projects in Sabah during the financial year. In addition, the decreasing trend in prices of copper and aluminium traded on the LME during the first quarter of 2009 also contributed to the overall decrease in selling prices of power cables and wires thereby resulting in the decrease in revenue contribution from Sabah, as compared to the preceding financial year.

## 11. FINANCIAL INFORMATION (CONT'D)

*Revenue by projects*

	←-----FYE 31 December-----→					
	←-----2007-----→		←-----2008-----→		←-----2009-----→	
	RM 000	%	RM 000	%	RM 000	%
Government related projects*	37,454	35.99	54,133	39.89	38,928	43.35
Non-Government related projects	66,616	64.01	81,564	60.11	50,867	56.65
<b>Total</b>	<b>104,070</b>	<b>100.00</b>	<b>135,697</b>	<b>100.00</b>	<b>89,795</b>	<b>100.00</b>

*Note:*

- \* *Government related projects refer to the sale of cables and conductors to the Sarawak Energy group of companies, specific OEM agreements entered into between our Group with other companies for the supply of cables and conductors for contracts awarded by the State Government of Sarawak including the OEM Agreement for the Bakun-Similajau Transmission System contract and companies that bid for contracts awarded by SESCO.*

**(ii) Cost of goods sold**

The primary components of our cost of goods sold include:

- (a) purchase expenses of raw materials which include copper rods, aluminium rods, PVC compounds and steel wires; and
- (b) purchase expenses of trading cables/conductors.

For the FYE 31 December 2009, purchases of raw materials for our manufacturing operations accounted for 87.67% of our total Group purchases of raw materials and finished products. Copper rods are one of the main raw materials used by our Group to produce conductors for low voltage power cables and wires. For the FYE 31 December 2009, purchases of copper rods constituted the largest raw material purchases for our Group's manufacturing operations, accounting for 44.30% of our total Group purchases of raw materials and finished products.

Aluminium rods are the second largest raw material used by our Group where they are used to produce conductors for both low voltage power cables and wires and high voltage bare conductors. For the FYE 31 December 2009, purchases of aluminium rods accounted for 24.04% of our Group's total purchases of raw materials and finished products.

Purchase expenses of trading cables and conductors are expenses incurred from the purchase of medium and high voltage power cables and wires from suppliers.

## 11. FINANCIAL INFORMATION (CONT'D)

## (iii) Gross profit and gross profit margins

The table below sets forth the breakdown of our Group's gross profit and gross profit margin by product categories for the three (3) FYEs 31 December 2009:

*Gross profit by product categories*

	← FYE 31 December →					
	← 2007 →		← 2008 →		← 2009 →	
	RM 000	%	RM 000	%	RM 000	%
<b>Low voltage power cables and wires</b>						
Single core copper power cables and wires	5,712	43.80	4,716	30.31	836	5.45
Multicore copper power cables and wires	4,657	35.71	4,352	27.98	1,107	7.22
Aluminium power cables and wires	2,127	16.31	2,547	16.37	1,284	8.38
	12,496	95.82	11,615	74.66	3,227	21.05
<b>High voltage bare conductors</b>	(87)	(0.67)	2,783	17.89	11,560	75.41
<b>Trading of power cables and wires<sup>(1)</sup></b>	629	4.82	997	6.41	542	3.54
<b>PVC accessories and project revenue<sup>(2)</sup></b>	4	0.03	162	1.04	-	-
<b>Total</b>	<b>13,042</b>	<b>100.00</b>	<b>15,557</b>	<b>100.00</b>	<b>15,329</b>	<b>100.00</b>

*Notes:*

- (1) Represents revenue from trading of medium and high voltage power cables and wires which our Group does not manufacture but sourced externally to supplement our range of in-house manufactured products.
- (2) Project revenue relates to the turnkey projects awarded by SESCO for the laying of cables and wires.

## 11. FINANCIAL INFORMATION (CONT'D)

*Gross profit margin by product categories*

	←———FYE 31 December———→		
	2007 %	2008 %	2009 %
<b>Low voltage power cables and wires</b>			
Single core copper power cables and wires	15.47	13.45	3.49
Multi core copper power cables and wires	17.87	14.66	6.82
Aluminium power cables and wires	17.85	18.61	12.52
<b>High voltage bare conductors</b>	(1.12)	16.82	39.00
<b>Trading of power cables and wires<sup>(1)</sup></b>	2.95	2.53	5.58
<b>PVC accessories and project revenue<sup>(2)</sup></b>	6.15	11.91	-
<b>Overall gross profit margin</b>	<b>12.53</b>	<b>11.46</b>	<b>17.07</b>

*Notes:*

- (1) *Represents revenue from trading of medium and high voltage power cables and wires which our Group does not manufacture but sourced externally to supplement our range of in-house manufactured products.*
- (2) *Project revenue relates to the turnkey projects awarded by SESCO for the laying of cables and wires*

Our overall gross profit margin from year to year is affected by changes in the gross profit margins of each of our products and services as well as the respective revenue contributions by products and services. Our overall gross profit margins were approximately 12.53%, 11.46% and 17.07% for the three (3) FYEs 31 December 2009 respectively. The fluctuations in gross profit margins over the financial years/periods were mainly due to fluctuations in prices of raw materials namely copper rods, aluminium rods and alloy rods. Further details of the factors affecting the financial condition of our Group are set out in Section 11.2.3 of this Prospectus.

Our overall gross profit margin decreased from 12.53% in the FYE 31 December 2007 to 11.46% in the FYE 31 December 2008 mainly due to the higher costs incurred resulting from Universal Cable (Sarawak)'s purchase of certain cables from other manufacturers during the FYE 31 December 2008 which was mainly attributable to a temporary halt in production during the relocation period to our new factory in Demak Laut Industrial Estate Phase III, Kuching. Our Group only completed relocation of our entire production line during the third quarter of 2008. The decrease in gross profit margin was also due to the increase in trading activities of our Group during the FYE 31 December 2008, specifically the trading of power cables and wires which generated lower margins compared to sales of our in-house manufactured power cables and wires.

Our overall gross profit margin increased to 17.07% for the FYE 31 December 2009 due to our increased sales of high voltage bare conductors, namely ACSR which generated higher margins.

## 11. FINANCIAL INFORMATION (CONT'D)

## (iv) Inventory management

Our Group's inventories comprise mainly raw materials such as copper rods, aluminium rods, PVC compounds and steel wires used in the manufacture of our power cables and wires, work-in-progress, finished goods, consumable stock and PVC accessories. Inventories are stated at the lower of cost and net realisable value. Cost is determined principally by the weighted average method. The cost of raw materials comprises cost of purchase of copper rods, aluminium rods, PVC compounds and steel wires. Finished goods and work-in-progress include cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads. Contract work-in-progress is stated at cost.

As at 31 December 2009, the breakdown of our inventories is as follows:

	As at 31 December 2009 RM 000
<u>At cost:</u>	
Raw materials	4,549
Work-in-progress	4,557
Finished goods	8,212
Consumable stock	9
	<u>17,327</u>
<u>At net realisable value:</u>	
Finished goods	278
	<u>17,605</u>

We generally do not carry a high level of raw materials in inventory as we practise the policy of purchasing raw materials to meet customer's demand. Finished goods form a substantial portion of our inventory as we keep buffer stock to meet increased demand for key products by customers on a short notice.

Inventory management is crucial for our Group as copper rods and aluminium rods are our main sources of raw materials and the prices of copper rods and aluminium rods are subject to volatile fluctuation. We closely monitor the prices and supply of the required raw materials and take measures such as increasing our inventory levels to two (2) to three (3) months if we anticipate a shortage of supply or experience an increase in market demand from customers. Whilst we mitigate our exposure to the increasing cost of raw materials through the purchase of reasonably priced raw materials, we also strive to strike a balance to ensure that the quantity of the raw materials meets our production requirements.

We review our inventory level on a monthly basis to ensure that we have sufficient levels of raw materials available to cater for our expected production schedule for the next two (2) to three (3) months.

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**11. FINANCIAL INFORMATION (CONT'D)**

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We commence production of power cables and wires only upon the receipt of a confirmed order from our customers or on our successful tender for a project or to build up buffer stock. Finished power cables and wires are delivered to our customers within 34 days of production, subject to satisfactory QC inspection. In addition, it is our Group's policy on inventory management for finished goods to maintain a one (1) month supply of manufactured power cables and wires as buffer stock to meet ad-hoc orders from customers.

**11.2.2 Review of Past Performance****(i) FYE 31 December 2008 compared to FYE 31 December 2007*****Revenue***

Our Group's revenue increased by 30.39% from RM104.07 million in the FYE 31 December 2007 to RM135.70 million in the FYE 31 December 2008 mainly due to the increase in revenue from the manufacture of high voltage bare conductors by 112.18% from RM7.80 million in the FYE 31 December 2007 to RM16.55 million in the FYE 31 December 2008 and the increase in revenue from our trading operations by 84.84% from RM21.30 million in the FYE 31 December 2007 to RM39.37 million in the FYE 31 December 2008.

The increase in revenue from the manufacture of high voltage bare conductors were mainly due to the overhead transmission line contract awarded to our Group for the supply of high voltage bare conductors, namely ACSR for the Entinggan-Engkilili overhead transmission line project in Sarawak.

In addition, our Group was awarded a turnkey project from SESCO amounting to RM1.14 million during the FYE 31 December 2008 for the supply, installation and laying of submarine fibre optic cables in conjunction with the laying of submarine power cables across the Baram River in Marudi, Sarawak.

The increase in revenue from the trading of power cables and wires was attributable to the increased purchase of power cables and wires from external suppliers due to the temporary halt in production during the relocation period to our new factory in Demak Laut Industrial Estate Phase III, Kuching as well as an increase in trading activities to meet customer demand.

One of the main factors contributing to the increase in revenue from power cables and wires was the increase in prices of raw materials which includes prices of copper rods and aluminium rods, which were subsequently passed on to our customers, in the form of higher selling prices of power cables and wires. Average selling prices of copper power cables and wires increased by 8.25% from RM19,336 per tonne in the FYE 31 December 2007 to RM20,931 per tonne in the FYE 31 December 2008. The average price of aluminium power cables and wires decreased by 5.55% from RM11,220 per tonne in the FYE 31 December 2007 to RM10,597 per tonne in the FYE 31 December 2008.

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**11. FINANCIAL INFORMATION (CONT'D)**

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***Cost of goods sold***

Our Group's cost of goods sold increased by 31.98% from RM91.03 million in the FYE 31 December 2007 to RM120.14 million in the FYE 31 December 2008 mainly due to the increase in cost of purchases of raw materials by 30.72% from RM64.94 million in the FYE 31 December 2007 to RM84.89 million in the FYE 31 December 2008, which resulted from an increase in prices of raw materials such as copper rods, aluminium rods, aluminium alloy and PVC compounds especially during the third quarter of 2008.

In addition, the increase in cost of goods sold was attributable to the additional costs incurred for the purchase of medium and high voltage power cables and wires from other suppliers during the FYE 31 December 2008, to cater for the increase in demand for medium and high voltage power cables and wires from our customers during the financial year.

***Gross profit***

Our Group's gross profit increased by 19.33% from RM13.04 million in the FYE 31 December 2007 to RM15.56 million in the FYE 31 December 2008. Our Group's overall gross profit margin however, decreased from 12.53% in the FYE 31 December 2007 to 11.46% during the FYE 31 December 2008, mainly due to the increase in the cost of purchasing raw materials and finished products for our manufacturing and trading operations during the financial year under review. As we received higher demand for medium and high voltage power cables from customers in the FYE 31 December 2008, we correspondingly also increased our purchase of medium and high voltage power cables in our trading operations which typically yield lower margins.

***Other income***

Our other income decreased by 50.38% from RM1.31 million in the FYE 31 December 2007 to RM0.65 million in the FYE 31 December 2008 mainly due to the following:

- (i) decrease in reversal of provision for doubtful debts amounting to RM0.29 million or 56.86% from RM0.51 million in FYE 31 December 2007 to RM0.22 million in the FYE 31 December 2008 was mainly due to poorer recovery of doubtful debts provided for during the FYE 31 December 2008;
- (ii) decrease in miscellaneous income comprising mainly the sale of scrap and commission income received from Universal Cable (M), a wholly-owned subsidiary of Leader Universal and one of our Group's main suppliers, amounting to RM190,477 or 34.28% from RM555,643 recorded in the FYE 31 December 2007 to RM365,166 recorded in the FYE 31 December 2008; and



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**11. FINANCIAL INFORMATION (CONT'D)**

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- (iii) further decrease in interest income from fixed deposits with licensed financial institution resulting from the withdrawal of fixed deposits made during the financial year amounting to RM156,168 or 90.54% from RM172,483 recorded in the FYE 31 December 2007 to RM16,315 recorded in the FYE 31 December 2008. The fixed deposits withdrawal were mainly utilised for the purchase of raw materials for our manufacturing operations.

***Selling and distribution expenses***

Selling and distribution expenses increased by 47.89% from RM1.42 million in the FYE 31 December 2007 to RM2.10 million in the FYE 31 December 2008 mainly due to the following:

- (i) increase in sales commission by 100.00% from RM0.08 million in the FYE 31 December 2007 to RM0.16 million in the FYE 31 December 2008 whereby there was an increase in sales commission payable to Dominco Sdn Bhd, which was our bidding agent for Sarawak Energy projects; and
- (ii) increase in handling and freight charges by 100.00% from RM0.23 million in the FYE 31 December 2007 to RM0.46 million in the FYE 31 December 2008, due to the increase in transportation and fuel charges in general and from increased sales to Sabah customers and customers from other districts in Sarawak during the FYE 31 December 2008.

***Administrative expenses***

Administrative expenses increased marginally by 12.87% from RM1.71 million in the FYE 31 December 2007 to RM1.93 million in the FYE 31 December 2008 mainly due to corporate expenses incurred at our Company level amounting to RM0.20 million and an increase in depreciation of equipment by 36.36% from RM0.11 million in the FYE 31 December 2007 to RM0.15 million in the FYE 31 December 2008 due to the purchase of new office equipment during the financial year.

***Other expenses***

Our other expenses increased by 244.44% from RM0.18 million in the FYE 31 December 2007 to RM0.62 million in the FYE 31 December 2008 mainly due to the write-down of inventories to its net realisable value amounting to RM0.48 million arising from the sale of manufactured power cables and wires to customers at prevailing market prices which was on a decreasing trend during the fourth quarter of FYE 31 December 2008 and the loss of insured inventories due to theft amounting RM0.12 million during the FYE 31 December 2008.

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**11. FINANCIAL INFORMATION (CONT'D)**

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***Finance costs***

The finance costs of our Group increased substantially by 4,328.46% from RM15,192 in the FYE 31 December 2007 to RM672,772 in the FYE 31 December 2008. This was mainly due to the higher utilisation of bankers' acceptances amounting to RM21.03 million to fund the increased purchases of raw materials such as copper and aluminium rods during the fourth quarter of 2008 to leverage on the decreasing trend of aluminium and copper prices, whereby majority of the raw materials purchased were used for the production of high voltage bare conductors to cater for the surge in demand for ACSR from the Entinggan-Engkilili project.

***PBT***

PBT decreased marginally by 1.36% from RM11.03 million in the FYE 31 December 2007 to RM10.88 million in the FYE 31 December 2008. This was mainly due to the decrease in gross profit margin and other income and overall increase in selling and distribution expenses, administrative expenses and other expenses during the financial year.

***Taxation***

Our Group recorded an income tax expense of RM2.10 million during the FYE 31 December 2008 as compared to tax benefits claimed of RM0.28 million in the preceding financial year. Our effective tax rate of 16.39% was lower than the statutory tax rate of 26.00% due to utilisation of reinvestment allowance claimable by Universal Cable (Sarawak).

**(ii) FYE 31 December 2009 compared to FYE 31 December 2008*****Revenue***

Our Group's revenue decreased by 33.82% from RM135.70 million in the FYE 31 December 2008 to RM89.80 million in the FYE 31 December 2009. The decrease in revenue was mainly due to the decrease in sales of low voltage power cables and wires from RM78.43 million during the FYE 31 December 2008 to RM50.43 million during the FYE 31 December 2009 and decrease in trading of power cables and wires from RM39.37 million to RM9.72 million in the FYE 31 December 2009 arising from the lower demand for single core power cables and wires during the financial year.

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**11. FINANCIAL INFORMATION (CONT'D)**

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The main factor contributing to the decrease in revenue from power cables and wires was the overall decrease in selling prices of our power cables and wires. Average selling prices for our copper power cables and wires decreased by 22.73% from RM20,931 per tonne in the FYE 31 December 2008 to RM16,174 per tonne in the FYE 31 December 2009. The average selling price of our aluminium power cables and wires decreased by 24.20% from RM10,597 per tonne in the FYE 31 December 2008 to RM8,033 per tonne in the FYE 31 December 2009. The overall decrease in the selling prices of power cables and wires were due to the decreasing trend in prices of copper and aluminium traded on the LME during the first quarter of 2009.

***Cost of goods sold***

Our Group's cost of goods sold decreased by 38.01% from RM120.14 million in the FYE 31 December 2008 to RM74.47 million in the FYE 31 December 2009 mainly due to the decrease in cost of raw materials such as copper rods, aluminium rods and alloy rods during the financial year arising from the decreasing trend in prices of copper and aluminium as traded on the LME in the first quarter of 2009 in response to the bleak economic outlook at the beginning of 2009.

***Gross profit***

Our Group's gross profit decreased marginally by 1.48% from RM15.56 million in the FYE 31 December 2008 to RM15.33 million in the FYE 31 December 2009. Our Group's overall gross profit margin increased from 11.46% during the FYE 31 December 2008 to 17.07% during the FYE 31 December 2009, mainly due to the increased sales of high voltage bare conductors such as ACSR which generated higher gross profit margins of 39.00% as compared to low voltage power cables and wires.

***Other income***

Our other income increased by 16.92% from RM0.65 million in the FYE 31 December 2008 to RM0.76 million in the FYE 31 December 2009 mainly due to the gain on disposal of plant, property and equipment of RM0.15 million during the FYE 31 December 2009 and the increase in miscellaneous income comprising mainly the higher sale of scrap from RM365,166 recorded in the FYE 31 December 2008 to RM419,718 recorded in the FYE 31 December 2009.

***Selling and distribution expenses***

Selling and distribution expenses increased by 32.86% from RM2.10 million in the FYE 31 December 2008 to RM2.79 million in the FYE 31 December 2009 mainly due to the increase in staff costs arising from the increase in the number of sales personnel and staff salary increment during the financial year.

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**11. FINANCIAL INFORMATION (CONT'D)**

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***Administrative expenses***

Administrative expenses increased by 30.05% from RM1.93 million in the FYE 31 December 2008 to RM2.51 million in the FYE 31 December 2009 mainly due to the increase in staff cost from RM0.75 million to RM1.06 million in the FYE 31 December 2009. The increase in staff costs was due to the increase in the number of staff and salary increments during the financial year.

***Other expenses***

Our Group incurred other expenses amounting to RM0.12 million during the FYE 31 December 2009, which relates to the loss of insured inventories due to theft amounting to RM0.08 million and inventories written-off amounting to RM29,801.

***Finance costs***

The finance costs of our Group decreased by 68.66% from RM0.67 million in the FYE 31 December 2008 to RM0.21 million in the FYE 31 December 2009. This was mainly due to the repayment of bankers acceptances' amounting to RM21.03 million during the FYE 31 December 2009.

***PBT***

PBT decreased marginally by 3.86% from RM10.88 million during the FYE 31 December 2008 to RM10.46 million during the FYE 31 December 2009 mainly due to the increase in administrative expenses and selling and distribution expenses during the financial year.

***Taxation***

Our Group recorded income tax expense of RM2.37 million during the FYE 31 December 2009 as compared to the income tax expense of RM2.10 million incurred during the FYE 31 December 2008. Our effective tax rate of 22.50% was lower than the statutory tax rate of 25.00% due to the utilisation of reinvestment allowance claimable by Universal Cable (Sarawak) during the financial year.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**11.2.3 Factors affecting our financial position and results of operations**

Our Group's financial condition and results of operations have been, and will continue to be affected by, among other things, the principal factors, which may not be within our control, set out below:

**(i) Demand for our products**

Demand for power cables and wires is mainly attributable to the level of demand for cables in our principal markets by end-users of cables which include utility companies, project owners, building contracting companies, electrical works contracting companies, tradespersons and resellers. Therefore, to a certain extent, demand for cables will be dependent on the performance of our user industries, namely the power, property development and building and construction industries for which cables are key components that enable the transmission and distribution of electricity to households, commercial and industrial buildings. The continuing increase in electricity consumption, expansion of rural electrification coverage and the increase in new property developments will ultimately drive the demand for power cables and wires for power distribution and transmission.

Development of new power stations such as hydroelectric power generation dams and gas-based power plants will also create demand for power cables and wires. Such developments include the Bakun Hydroelectric dam with an installed capacity of 2,400 MW and the Murum Hydroelectric dam with an installed capacity of 944 MW, which are under construction. In addition, there is another hydroelectric dam in the pipeline namely the Limbang Hydroelectric dam in Sarawak, which is being constructed to mainly meet the needs of consumers in Limbang and Lawas.

**(ii) Average selling prices of cables**

Our average selling prices of cables made of copper and aluminium increased at an average annual rate of 6.09% and decreased at an average annual rate of 3.3% respectively from 2005 to 2009. Factors affecting our selling prices include fluctuation of metal prices traded on the LME which influences the price of raw materials purchased and the cost of production. The increasing prices of raw materials have to an extent driven the selling prices of our cables upwards as we seek to pass on the higher prices of raw materials to our customers.

Our Directors are of the view that demand for cables, volume of sales and selling prices will continue to be on an increasing trend in view of the outlook and prospects of the power cables and wires industry in Malaysia. Please refer to Section 7 of this Prospectus for the overview, prospects and outlook of the power cables and wires industry in Malaysia.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**(iii) Prices and availability of supply of raw materials**

Commodity products such as copper rods and aluminium rods are crucial raw material inputs in manufacturing power cables and wires. Prices of raw materials are subject to the vagaries of market demand and supply and prices are often determined by the commodities market at the LME. A shortage in supply, coupled with increasing demand of raw materials, will push the prices of raw materials up.

Prices of our major raw materials such as copper rods and aluminium rods have risen over the financial years under review. Copper and aluminium raw material prices have increased at an average annual rate of 8.77% and decreased at an average annual rate of 3.19% respectively from 2005 to 2009. Although we source these raw materials locally, our suppliers have passed on certain effects of increase in raw material prices to our Group, resulting in an increase in our cost of production over the financial years under review. So far, our Group has neither experienced any difficulty in sourcing for raw materials nor experienced shortage in the supply of raw materials.

Against this backdrop, our Directors have seen prices of commodities, in particular copper and aluminium, fluctuating over the last five (5) years and are expected to remain volatile in view of the economic uncertainties.

**(iv) Competition**

Our Group operates under moderate competitive conditions where competition in the power cables and wires industry is affected by the following factors:

- (a) technical compliance with customers' specifications and requirements: Any success or failure in our ability to comply with our customers' technical specifications and requirements may affect our financial position and results of operations;
- (b) cost competitiveness: Our Group's power cables and wires are competitively priced to ensure sustainability and future growth of our business;
- (c) quality of products and services: Maintaining or improving the quality of our products and services is among the key factors to attracting new customers and retaining existing customers;
- (d) prompt delivery/completion: As a Sarawak-based Group whose principal market is Sarawak, proximity to our customers provides us with the advantage of lower transportation costs, prompt delivery and customer service;

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**11. FINANCIAL INFORMATION (CONT'D)**


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- (e) established track record: Our Group has been operating for more than 20 years compared to new entrants or competitors operating over a shorter period of time;
- (f) market reputation: Our Group's success or failure to address and meet market and our customers' expectations will be reflected accordingly in our reputation among industry players and our customers; and
- (g) manufacturing capabilities, facilities and capacity: Our Group's financial position and results of operations are also affected by the types of cables we are capable of manufacturing and the availability of facilities and capacity to produce cables to meet customers' needs.

Our Directors are optimistic that our Group is capable of meeting the challenges posed by competition in light of our Group's future plans and prospects set out in Sections 7.12 and 7.13 of this Prospectus.

**(v) Production capability, capacity and utilisation**

Our Group's manufacturing process may be constrained by our production capability, capacity and level of capacity utilisation. At present, our Group's level of capacity utilisation for single core power cables and wires, multicore power cables and wires, aluminium power cables, ACSR and AAAC are 38%, 31%, 68%, 59% and 16% of our Group's annual production capacity respectively for the FYE 31 December 2009. We expect to be able to cater for an increase in demand of these products over the next few years. As we expand and grow, we will be able to accommodate the production of more cables ordered by customers.

Demand for the types of cables and wires which we presently manufacture may change over time and we may not have the capability to meet demands for cables and wires which we do not manufacture. Therefore, our financial position and results of operations may be affected if we are unable to meet the demand for certain types of cables and wires and additional orders placed by customers due to a lack of production capability and capacity.

In this regard, we have plans to expand on our existing manufacturing facilities for market expansion as well as manufacturing of new and enhanced cable products. Further details on our plans for expansion of our manufacturing facilities are set out in Section 7.12 of this Prospectus.

**(vi) Foreign exchange fluctuations**

As set out in Section 4 of this Prospectus, our Group is exposed to risks in foreign exchange fluctuations as some of our purchases are denominated in USD. For the FYE 31 December 2009, approximately 0.30% of our Group's purchases are transacted in USD. As such, our Group's exposure to foreign exchange rate fluctuations is minimal.

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**11. FINANCIAL INFORMATION (CONT'D)**

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Our purchases of raw material and machinery will be cheaper/costlier where the USD depreciates/appreciates against RM respectively. As our revenue is denominated in RM, our financial position and results of operations may be affected in the event that the USD appreciates against the RM as it will be more costly to purchase raw materials or plant and machinery denominated in USD. However, our exposure to foreign exchange risk (if any) are generally passed on to end customers.

Although we primarily sourced our raw materials locally, our Directors are of the view that our Group's financial position and results of operation will continue to be affected by foreign exchange fluctuations as we purchase certain raw materials denominated in USD. We will continue to monitor our foreign currency exposure and take actions to minimise exchange rate exposure whenever deemed appropriate.

**(vii) Compliance with licencing, certification and regulatory requirements**

Our Group's financial position and results of operations are affected, and will continue to be affected, by our ability to satisfy the conditions imposed in our manufacturing licence, certification bodies and regulatory authorities which include, amongst others MITI and CIDB. These licences and certifications are mandatory for manufacturers of power cables and wires. The Certification of Registration issued by the CIDB is valid for a minimum period of one (1) year up to a maximum of three (3) years, subject to renewal upon expiry unless cancelled, suspended or revoked earlier by the CIDB. In the event that these licences and certifications are not renewed by the relevant regulatory authorities, we may not be able to undertake our production to meet customer sales. Thus far, we have not had any of our certifications or licences revoked.

Similarly, we are required to apply for product certification licence to commence production of new cable and wire products.

We presently hold the following certifications from SIRIM, which are renewable on a yearly basis:

- MS 136:1995 Product Certification for "PVC Insulated Cables (non-armoured) for Electric Power and Lighting"; and
- MS 274:1995 Product Certification for "PVC Insulated Cables for Electricity Supply".

Our financial position and results of operations may be affected if the relevant authorities fail to grant their consents or approvals for the production of new cable and wire products.

Our Group's licences, certifications and regulations governing the power cables and wires industry are set out in Sections 6.16 and 6.18 of this Prospectus.



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**11. FINANCIAL INFORMATION (CONT'D)**

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**(viii) Changes in economic conditions and political climate in the country which we operate and occurrence of major events**

Like all business entities, we are not immune to developments in our operating environment. Changes in economic conditions and political climate in the world, Malaysia and more specifically in the State of Sarawak have always affected our financial condition and results of operations. The US sub-prime financial crisis, increase in fuel prices and the global/economic uncertainty are examples of macro developments in the global and Malaysian economy that has to an extent affected our results of operations. Closer to home, the State Government of Sarawak's announcement of SCORE is also expected to have an impact on the economy of Sarawak and our Group's financial position and results of operations. We believe that our Group will continue to be affected by any economic and political developments in the world, Malaysia and the State of Sarawak.

Based on the principal factors set out above, our Directors are optimistic about the future prospects of our Group, given the challenging short to medium term outlook of the power cables and wires industry set out in Section 7 of this Prospectus, our Group's competitive strengths and advantages set out in Section 6.11 of this Prospectus and our Group's dedication to implement the future plans and strategies as set out in Section 7.12 of this Prospectus.

The factors affecting our financial position and operations set out above are not exhaustive. Please refer to Section 4 of this Prospectus for further factors that may have an impact on our Group's financial conditions and results of operations.

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11. FINANCIAL INFORMATION (CONT'D)

11.3 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

*(Prepared for inclusion in this Prospectus)*



Ernst & Young

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching

Jalan Tunku Abdul Rahman

93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

21 April 2010

The Board of Directors  
Sarawak Cable Berhad  
Lot 767, Block 8, Muara Tebas Land District  
Demak Laut Industrial Estate Phase III, Jalan Bako  
93050 Kuching  
Sarawak

Dear Sirs,

**SARAWAK CABLE BERHAD (“SARAWAK CABLE”)  
REPORTING ACCOUNTANTS’ LETTER ON PROFORMA CONSOLIDATED  
FINANCIAL INFORMATION**

We report on the Proforma Consolidated Financial Information of Sarawak Cable and its subsidiaries (collectively referred to as “Sarawak Cable Group” or “the Group”) together with the notes and assumptions thereto (which we have stamped for the purpose of identification) to provide information about:

- (i) the Proforma Consolidated Income Statements for the financial year ended (“FYE”) 31 December 2007 that would have been if the group structure as at the date of the Prospectus had been in existence since the beginning of the FYE 31 December 2007, and audited consolidated income statements for the FYEs 31 December 2008 and 2009;
- (ii) the Proforma Consolidated Balance Sheets as at 31 December 2009; and
- (iii) the Proforma Consolidated Cash Flow Statement for the FYE 31 December 2009.

The Proforma Consolidated Financial Information has been prepared for illustrative purposes only on the basis of assumptions as set out in the accompanying notes.

It is solely the responsibility of the Board of Directors of Sarawak Cable to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Equity and Debt issued by the Securities Commission (“the Guidelines”).

It is our responsibility to form an opinion on the Proforma Consolidated Financial Information, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented in their original form, considering the adjustments and discussing the Proforma Consolidated Financial Information with the responsible officers of Sarawak Cable. Our work involved no independent examination of any of the underlying financial information.

11. FINANCIAL INFORMATION (CONT'D)



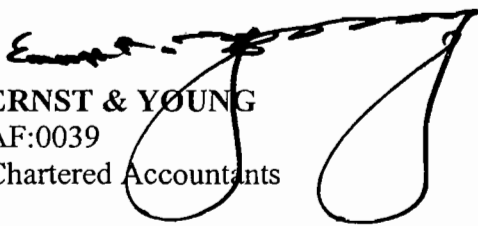
As the Proforma Consolidated Financial Information has been prepared for illustrative purposes only, such information may differ from the actual financial position, results and cash flows of Sarawak Cable Group. Further, such information does not purport to predict the future financial position, results and cash flows of the Sarawak Cable Group.

In our opinion:


- (a) the Proforma Consolidated Financial Information has been properly prepared on the bases set out in the accompanying notes and such bases are consistent with both the format of the audited financial statements and the accounting policies adopted by the Sarawak Cable Group;
- (b) the financial statements used in the preparation of the Proforma Consolidated Financial Information have been prepared in accordance with the Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the Proforma Consolidated Financial Information is appropriate for the purposes of preparing the Proforma Consolidated Financial Information.

This letter is not to be reproduced, referred to in any other document, relied upon or used for any other purpose without our prior written consent.

Yours faithfully,



ERNST & YOUNG  
AF:0039  
Chartered Accountants




YONG VOON KAR  
1769/04/12 (J/PH)  
Chartered Accountant

**11. FINANCIAL INFORMATION (CONT'D)****SARAWAK CABLE BERHAD  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION****ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.**Basis of preparation of Proforma Consolidated Financial Information**

1. The Proforma Consolidated Financial Information, for which the Directors of Sarawak Cable are solely responsible, has been prepared to illustrate:
  - (i) the Proforma Consolidated Income Statements for the FYE 31 December 2007 that would have been if the group structure as at the date of the Prospectus had been in existence since the beginning of the FYE 31 December 2007, and audited consolidated income statements for the FYEs 31 December 2008 and 2009;
  - (ii) the Proforma Consolidated Balance Sheets as at 31 December 2009; and
  - (iii) the Proforma Consolidated Cash Flow Statement for the FYE 31 December 2009.
2. The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of Sarawak Cable and Universal Cable (Sarawak) Sdn. Bhd. ("Universal Cable (Sarawak)") for the FYEs 31 December 2007 to 2009 and Sarawak Power Solutions Sdn. Bhd. ("Sarawak Power") for the financial period from 22 October 2009 (date of incorporation) up to 31 December 2009 ("FPE 31 December 2009"). The audited financial statements of Sarawak Cable and Universal Cable (Sarawak) for the FYEs 31 December 2007 to 2009 and Sarawak Power for the FPE 31 December 2009 have been reported on without any qualification.
3. The audited financial statements of Sarawak Cable and Universal Cable (Sarawak) for the FYEs 31 December 2007 to 2009 were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The audited financial statements of Sarawak Power for the FPE 31 December 2009 were prepared in accordance with the FRSs in Malaysia.
4. For illustrative purposes, it is assumed that the acquisition of Universal Cable (Sarawak) took place prior to 1 January 2007 in arriving at the proforma consolidated financial results for the FYE 31 December 2007.
5. As the Proforma Consolidated Financial Information has been prepared for illustrative purposes only, such information may differ from the actual financial position, results and cash flows of the Sarawak Cable Group. Further, such information does not purport to predict the future financial position, results and cash flows of the Sarawak Cable Group.
6. Sarawak Power, a 51%-owned subsidiary of Sarawak Cable was incorporated on 22 October 2009. Sarawak Power is currently dormant and the intended principal activity is the manufacture of hybrid power inverters.

## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.

**Proforma Consolidated Income Statements**

The Proforma Consolidated Income Statements of the Sarawak Cable Group for the three (3) FYEs 31 December 2007 to 2009 as set out below, are prepared for illustrative purposes only based on the audited financial statements of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power, and have been presented assuming that the group structure (namely Sarawak Cable and Universal Cable (Sarawak)) had been in existence since the beginning of the FYE 31 December 2007. Adjustments (if any) were made to the Proforma Consolidated Income Statements to account for the retrospective effects of the Acquisition of Universal Cable (Sarawak) (as defined herein).

	← Proforma →	Audited <sup>(1)</sup>	Audited <sup>(1)</sup>
	← FYE →		
	31 December		
	2007	2008	2009
	RM	RM	RM
<b>Revenue</b>	104,070,064	135,696,696	89,795,461
Cost of goods sold	(91,028,330)	(120,139,885)	(74,466,266)
<b>Gross profit</b>	13,041,734	15,556,811	15,329,195
Other income	1,313,831	651,305	760,627
Selling and distribution expenses	(1,420,478)	(2,098,501)	(2,793,451)
Administrative expenses	(1,709,273)	(1,931,457)	(2,505,400)
Other expenses	(180,916)	(622,436)	(116,183)
<b>Operating profit</b>	11,044,898	11,555,722	10,674,788
Finance costs	(15,192)	(672,772)	(212,190)
<b>Profit before tax</b>	11,029,706	10,882,950	10,462,598
Income tax expense	284,502	(2,099,730)	(2,368,193)
<b>Profit for the year</b>	11,314,208	8,783,220	8,094,405

<sup>(1)</sup> The group structure of Sarawak Cable (namely Sarawak Cable and Universal Cable (Sarawak)) is already in existence for the FYE 31 December 2008 and FYE 31 December 2009 as the Acquisition of Universal Cable (Sarawak) (as defined herein) was completed on 2 September 2008.

11. FINANCIAL INFORMATION (CONT'D)


**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**EY ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.

**Notes to the Proforma Consolidated Income Statements**

1. The Proforma Consolidated Income Statements, for which the Directors of Sarawak Cable are solely responsible, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of the audited income statements of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power.
2. The Proforma Consolidated Income Statements have been prepared based on the audited income statements of Sarawak Cable and Universal Cable (Sarawak) for the three (3) FYEs 31 December 2007 to 2009, and Sarawak Power for the FPE 31 December 2009.
3. There was no extraordinary or exceptional item for the financial years under review.
4. There was no significant inter-company transaction for elimination for the financial years under review.

## 11. FINANCIAL INFORMATION (CONT'D)

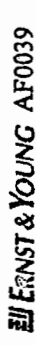
**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.

**Proforma Consolidated Balance Sheets**

The Proforma Consolidated Balance Sheets of Sarawak Cable set out below are provided for illustrative purposes only to show the effects of the transactions (other than the Restructuring Exercise) as mentioned in the accompanying notes to the Proforma Consolidated Balance Sheets on the assumption that the transactions (other than the Restructuring Exercise) were completed on 31 December 2009.

	Sarawak Cable Group Audited as at Note 31 December 2009 RM	Final Dividend and Public Issue RM	Proforma I after Final Dividend and Public Issue RM	Utilisation of listing proceeds RM	Proforma II after Proforma I and utilisation of listing proceeds RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	34,654,951		34,654,951	3,471,000	38,125,951
Prepaid land lease payments	2,832,789		2,832,789		2,832,789
	<u>37,487,740</u>		<u>37,487,740</u>		<u>40,958,740</u>
<b>Current assets</b>					
Inventories	17,605,575		17,605,575		17,605,575
Trade and other receivables	31,340,426		31,340,426		31,340,426
Cash and bank balances	4,444,193	( <sup>1</sup> ) 6,425,000	10,869,193	(5,571,000)	5,298,193
	<u>53,390,194</u>		<u>59,815,194</u>		<u>54,244,194</u>
<b>TOTAL ASSETS</b>	<u>90,877,934</u>		<u>97,302,934</u>		<u>95,202,934</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	3 16,200,002	6,500,000	22,700,002		22,700,002
Share premium	4 24,000	2,600,000	2,624,000	(2,100,000)	524,000
Revaluation reserve	5 452,389		452,389		452,389
Revenue reserve	6 62,778,834	(2,675,000)	60,103,834		60,103,834
Minority interest			239,966		239,966
<b>Total equity</b>	<u>79,695,191</u>		<u>86,120,191</u>		<u>84,020,191</u>

## 11. FINANCIAL INFORMATION (CONT'D)

SARAWAK CABLE BERHAD  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

**ERNST & YOUNG AF0039**  
 Chartered Accountants Kuching  
 For identification purposes only.

## Proforma Consolidated Balance Sheets (contd.)

	Sarawak Cable Group Audited as at Note 31 December 2009 RM	Final Dividend and Public Issue RM	Proforma I after Final Dividend and Public Issue RM	Utilisation of listing proceeds RM	Proforma II after Proforma I and utilisation of listing proceeds RM
<b>Non-current liability</b>					
Deferred tax liability	2,226,000		2,226,000		2,226,000
<b>Current liabilities</b>					
Trade and other payables	8,791,877		8,791,877		8,791,877
Tax payable	164,866		164,866		164,866
	8,956,743		8,956,743		8,956,743
<b>Total liabilities</b>	11,182,743		11,182,743		11,182,743
<b>TOTAL EQUITY AND LIABILITIES</b>	90,877,934		97,302,934		95,202,934
Number of shares of RM0.50 each	107,000,000	13,000,000	120,000,000		120,000,000
Net Assets	79,695,191		86,120,191		84,020,191
Net Assets per share (RM)	0.75		0.72		0.70

Note:

(1) Comprises the following:

Proceeds from Public Issue	RM 9,100,000
Payment of final dividend of 2.5 sen per Sarawak Cable Share, tax-exempt, for the FYE 31 December 2009	(2,675,000)
	<u>6,425,000</u>



## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION****ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.**Notes to the Proforma Consolidated Balance Sheets****1. Basis of preparation**

The Proforma Consolidated Balance Sheets, for which the Directors of Sarawak Cable are solely responsible, have been prepared based on accounting principles and bases consistent with those normally adopted by Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power in the preparation of the audited balance sheets of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power.

The Proforma Consolidated Balance Sheets of Sarawak Cable have been prepared based on the audited consolidated balance sheet of Sarawak Cable as at 31 December 2009.

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the following transactions and on the assumption that the transactions were effected on 31 December 2009.

The Sarawak Cable Group has carried out the following, which shall hereinafter be collectively referred to as the "Restructuring Exercise". During the FYE 31 December 2008 and 2009, the following Restructuring Exercise was completed, which is reflected in the audited consolidated balance sheet of Sarawak Cable as at 31 December 2008 and 2009.

**(a) Transfer**

Transfer of 5,250,000 ordinary shares of RM1.00 each held in Universal Cable (Sarawak) ("Universal Cable (Sarawak) Shares") by Syarikat SESCO Berhad ("SESCO") to Sarawak Energy Berhad ("Sarawak Energy"). The transfer was completed on 29 August 2008.


**(b) Acquisition of Universal Cable (Sarawak)**

Sarawak Cable acquired 15,000,000 Universal Cable (Sarawak) Shares, representing the entire issued and paid-up share capital of Universal Cable (Sarawak) from Central Paragon Sdn. Bhd. ("Central Paragon"), Leader Universal Holdings Berhad ("Leader Universal") and Sarawak Energy for a total purchase consideration of RM52,299,998 which was satisfied by the issuance of 52,299,998 new ordinary shares of RM1.00 each in Sarawak Cable. The acquisition of Universal Cable (Sarawak) was completed on 2 September 2008.

**(c) Share Split**

Sarawak Cable implemented a share split of one (1) existing ordinary share of RM1.00 each in Sarawak Cable held into two (2) new ordinary shares of RM0.50 each ("Sarawak Cable Shares"). The Share Split was completed on 2 September 2008.

## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**ERNST & YOUNG AF0039**  
 Chartered Accountants Kuching  
 For identification purposes only.

**Notes to the Proforma Consolidated Balance Sheets (contd.)**
**1. Basis of preparation (contd.)**
**(d) Offer for Sale I**

Subsequent to the completion of the Transfer, Acquisition of Universal Cable (Sarawak) and Share Split, the three shareholders of Sarawak Cable, namely Central Paragon, Leader Universal and Sarawak Energy undertook an offer for sale of 29,500,000 Sarawak Cable Shares at an offer price of RM0.51 per Sarawak Cable Share to identified Directors and key management of Universal Cable (Sarawak) and Dato Sri Mahmud Abu Bekir Taib. The Offer for Sale I was completed on 30 June 2009.

**(e) New Issue**

Sarawak Cable undertook a new issue of 2,400,000 Sarawak Cable Shares at an issue price of RM0.51 per Sarawak Cable Share to Toh Chee Ching. The New Issue was completed on 30 June 2009.

Sarawak Cable is undertaking a listing exercise on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") which comprises the following:

**(a) Offer for Sale II**

An offer for sale of 19,000,000 existing Sarawak Cable Shares by Central Paragon, Leader Universal and Sarawak Energy (collectively referred to as "Offerors") by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry, at an offer price of RM0.70 per Sarawak Cable Share payable in full upon application.


**(b) Public Issue**

A public issue of 13,000,000 new Sarawak Cable Shares at an issue price of RM0.70 per Sarawak Cable Share payable in full upon application, comprising:

- (i) 6,000,000 new Sarawak Cable Shares available for application by the Malaysian public, of which at least 50% is to be set aside strictly for public Bumiputera investors, to the extent possible; and
- (ii) 7,000,000 new Sarawak Cable Shares available for application by eligible Directors, employees and business associates of the Sarawak Cable Group.

**(c) Listing**

In conjunction with the Offer for Sale II and Public Issue, Sarawak Cable seeks the listing of and quotation for its entire enlarged issued and paid-up share capital comprising 120,000,000 Sarawak Cable Shares on the Main Market of Bursa Securities.

11. FINANCIAL INFORMATION (*CONT'D*)
**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**ERNST & YOUNG AF0039**  
 Chartered Accountants Kuching  
 For identification purposes only.

**Notes to the Proforma Consolidated Balance Sheets (contd.)**
**1. Basis of preparation (contd.)**
**Final Dividend**

Sarawak Cable had on 8 April 2010 declared a final dividend of 2.5 sen per Sarawak Cable Share, tax-exempt for the FYE 31 December 2009 ("Final Dividend") amounting to RM2.675 million. The Final Dividend shall be paid on 22 April 2010 from internally generated funds of the Sarawak Cable Group.

**Proforma I** incorporates the audited consolidated balance sheet of Sarawak Cable Group as at 31 December 2009, Final Dividend and Public Issue.

**Proforma II** incorporates Proforma I and the utilisation of listing proceeds.

2. The Acquisition of Universal Cable (Sarawak) is accounted for using the reverse acquisition method of accounting in accordance with FRS 3: Business Combinations since the shareholders of Universal Cable (Sarawak) will become the substantial shareholders of Sarawak Cable. For financial reporting purposes, Universal Cable (Sarawak) (the legal subsidiary) is the acquirer and Sarawak Cable (the legal parent) is the acquiree. The financial statements prepared using the reverse acquisition is issued under the name of Sarawak Cable, but is a continuation of the financial statements of Universal Cable (Sarawak). Accordingly, the following items have been effected:

- the assets and liabilities of Universal Cable (Sarawak) recognised and measured at their pre-combination carrying amounts;
- the revenue reserve and other equity balances recognised are the revenue reserve and other equity balances of Universal Cable (Sarawak) immediately before the business combination;
- the consolidated income statement for the FYE 31 December 2008 includes the results of Universal Cable (Sarawak) for the FYE 31 December 2008 and of Sarawak Cable from the date of the reverse acquisition;
- the amount recognised as share capital is determined by adding to the share capital of Universal Cable (Sarawak) immediately before the business combination, the cost of the acquisition (as shown in Note 3 to the Proforma Consolidated Balance Sheets) deemed to have been incurred by Universal Cable (Sarawak) in the reverse acquisition of Sarawak Cable. However, the equity structure disclosed (i.e. the number and types of equity instruments issued) reflects the equity of Sarawak Cable including the equity instruments issued by Sarawak Cable to effect the combination; and
- under reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by Universal Cable (Sarawak) in the form of equity instruments issued to the shareholders of Sarawak Cable.

## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**
**ERNST & YOUNG AF0039**  
 Chartered Accountants Kuching  
 For identification purposes only.

**Notes to the Proforma Consolidated Balance Sheets (contd.)**

3. The movements in the issued and paid-up share capital of Sarawak Cable Group after implementation of the Restructuring Exercise set out in Note 1 above are as follows:

	Number of ordinary shares*	Par value RM	Share capital* RM
Audited as at 31 December 2009	107,000,000	0.50	16,200,002
To be issued pursuant to the Public Issue	13,000,000	0.50	6,500,000
Enlarged issued and paid-up share capital of Sarawak Cable, after Proforma I and Proforma II	<u>120,000,000</u>	0.50	<u>22,700,002</u>

The Offer for Sale II does not have any effect on the issued and paid-up share capital of Sarawak Cable.

\* The amount recognised as share capital is determined by adding to the share capital of Universal Cable (Sarawak) immediately before the business combination, the cost of the acquisition deemed to have been incurred by Universal Cable (Sarawak) in the reverse acquisition of Sarawak Cable. However, the equity structure disclosed (i.e. the number and types of equity instruments issued) reflects the equity of Sarawak Cable including the equity instruments issued by Sarawak Cable to effect the combination.


4. Share premium is derived at as follows:

	RM
Audited as at 31 December 2009	24,000
Arising from Public Issue	2,600,000
After Proforma I	<u>2,624,000</u>
Less: Estimated listing expenses*	(2,100,000)
After Proforma II	<u>524,000</u>

\* The estimated listing expenses in relation to the Public Issue of approximately RM2,100,000 is to be set off against the share premium account.

5. There is no movement in the revaluation reserve.

## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.

**Notes to the Proforma Consolidated Balance Sheets (contd.)**

6. Revenue reserve is derived as follows:

	RM
Audited as at 31 December 2009	62,778,834
Arising from Final Dividend	(2,675,000)
After Proforma I	<u>60,103,834</u>
After Proforma II	<u><u>60,103,834</u></u>

## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**
**ERNST & YOUNG AF0039**  
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 For identification purposes only.

**Proforma Consolidated Cash Flow Statement**

The Proforma Consolidated Cash Flow Statement of Sarawak Cable Group for FYE 31 December 2009 as set out below, is prepared for illustrative purposes only, and is adjusted for the Final Dividend, Public Issue and utilisation of listing proceeds.

	FYE 31 December 2009 RM
<b>Cash flows from operating activities</b>	
Profit before tax	10,462,598
Adjustments for:	
Amortisation of prepaid land lease payments	63,643
Depreciation of property, plant and equipment	1,894,878
Formation expenses written off	5,750
Interest expense	212,131
Inventories written off	29,801
Gain on disposal of property, plant and equipment	(151,679)
Interest income	(15,030)
Reversal of provision for doubtful debts	(136,604)
Operating profit before working capital changes	12,365,488
Decrease in inventories	10,866,513
Decrease in receivables	38,821,509
Decrease in payables	(31,744,506)
Cash generated from operations	30,309,004
Tax paid	(1,687,161)
Interest paid	(212,131)
Formation expenses paid	(5,750)
Net cash generated from operating activities	28,403,962
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(7,210,752)
Proceeds from disposal of property, plant and equipment	383,776
Interest received	15,030
Net cash used in investing activities	(6,811,946)

## 11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**
**EY ERNST & YOUNG AF0039**  
 Chartered Accountants Kuching  
 For identification purposes only.

**Proforma Consolidated Cash Flow Statement (contd.)**

	FYE 31 December 2009 RM
<b>Cash flows from financing activities</b>	
Repayment of bankers' acceptances	(21,032,000)
Repayment of hire purchase payables	(147,080)
Proceeds from issuance of shares to minority interest	245,000
Proceeds from New Issue	1,224,000
Proceeds from Public Issue	9,100,000
Payment of estimated listing expenses	(2,100,000)
Dividends paid	(5,350,000)
	<hr/>
Net cash used in financing activities	(18,060,080)
	<hr/>
<b>Net increase in cash and bank balances</b>	3,531,936
Cash and bank balances at the beginning of the year	1,766,257
	<hr/>
<b>Cash and bank balances at the end of the year</b>	<u><u>5,298,193</u></u>

11. FINANCIAL INFORMATION (CONT'D)

**SARAWAK CABLE BERHAD**  
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**ERNST & YOUNG AF0039**  
Chartered Accountants Kuching  
For identification purposes only.

**Notes to the Proforma Consolidated Cash Flow Statement**

1. The Proforma Consolidated Cash Flow Statement, for which the Directors of Sarawak Cable are solely responsible, has been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of the audited cash flow statements of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power.
2. The Proforma Consolidated Cash Flow Statement has been prepared based on the audited cash flow statements of Sarawak Cable and Universal Cable (Sarawak) for the FYE 31 December 2009 and Sarawak Power for the FPE 31 December 2009.
3. All inter-company cash flows have been eliminated from the Proforma Consolidated Cash Flow Statement.



## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4 LIQUIDITY AND CAPITAL RESOURCES

#### 11.4.1 Working Capital

Our Group's principal source of liquidity is cash generated from our business operations while external sources of cash comprised primarily credit extended to us by our suppliers and borrowings and banking facilities extended by financial institutions as well as capital contributed by our shareholders. Such sources of funds were principally used to finance the purchase of raw materials, labour costs, manufacturing overheads, capital expenditure and other operating expenses.

The proforma consolidated cash flow statement of our Group for the FYE 31 December 2009 is as follows:

	RM 000
Net cash generated from operating activities	28,404
Net cash used in investing activities	(6,812)
Net cash used in financing activities	(18,060)
Net increase in cash and bank balances	<u>3,532</u>
Cash and bank balances at the beginning of the financial year	1,766
Cash and bank balances at the end of the financial year	<u>5,298</u>

All our cash and bank balances are held in RM. There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends and/or loans or advances.

#### Net cash generated from operating activities

During the FYE 31 December 2009, our Group generated a PBT of approximately RM10.46 million. After accounting for among others, the decrease in inventories of RM10.87 million, decrease in receivables of RM38.82 million and decrease in payables of RM31.74 million, our net cash generated from operating activities was RM28.40 million. The decrease in payables was mainly due to stricter credit control imposed by our major creditors which resulted in prompt payments made by our Group. The decrease in receivables of RM38.82 million was in line with our Group's efforts to impose stringent credit control measures to monitor overdue customer accounts. Our Group also paid tax and interest of approximately RM1.69 million and RM0.21 million respectively.

#### Net cash used in investing activities

For the FYE 31 December 2009, the net cash used in investing activities of RM6.81 million was mainly attributed to the following:

- (i) purchase of property, plant and equipment of RM7.21 million; and
- (ii) proceeds received from the disposal of property, plant and equipment of RM0.38 million.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Net cash used in financing activities**

The net cash used in financing activities for the FYE 31 December 2009 of RM18.06 million was mainly attributable to the repayment of bankers' acceptances amounting to RM21.03 million, proceeds received from the New Issue of RM1.22 million, proceeds received from the Public Issue of RM9.10 million, payment of the estimated listing expenses amounting to RM2.10 million and payment of the Interim Dividend and Final Dividend.

As set out in Section 11.1.2 of this Prospectus, for the FYE 31 December 2008, our Group achieved a PBT of RM10.88 million, and after adjusting for, among others, depreciation of property, plant and equipment ("PPE"), write-down of inventories and interest expense, our Group generated an operating profit before working capital changes of RM13.20 million.

The negative cash flow from operating activities of RM11.46 million was mainly attributable to the following:

- (i) The increase in inventories of RM11.98 million during the FYE 31 December 2008 was due to our Group's strategy of increasing our level of inventory holding to take advantage of the cheaper raw material prices particularly during the fourth quarter of the FYE 31 December 2008 whereby the average prices of copper and aluminium rods were on a decreasing trend and also in anticipation of increased sales and market demand for power cables and wires during the financial year. The increase in inventories resulted in cash being tied-up as inventories thereby causing a reduction in our Group's overall cash flow;
- (ii) The significant increase in receivables of RM42.43 million for the FYE 31 December 2008 which was mainly due to sales of high voltage bare conductors to our Group's major customer for the FYE 31 December 2008, namely Sarwaja Timur, for the Entinggan-Engkilili transmission line project, whereby total billings of RM38.73 million was only made during the month of December 2008, resulting in the reduction in our Group's overall cash flow; and
- (iii) Payment of income tax and interest expense of RM0.66 million and RM0.67 million respectively.

Our Directors believe that, after taking into consideration our cash flow position shown above (which includes the expected proceeds from our Public Issue), bank borrowings and facilities currently available to us, our Group has sufficient working capital for a period of twelve (12) months from the date of this Prospectus for our existing needs and foreseeable requirements.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.2 Borrowings

Our Group does not have any borrowings as at 31 December 2009. We have not defaulted on any payments of principal sums on any borrowings throughout the past FYE 31 December 2009 and up to the date of this Prospectus.

We do not have any foreign borrowings. Save as disclosed above, we do not have any other loan capital outstanding or loan capital created but unissued, mortgages or charges outstanding.

We are not in breach of any terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect the corporation's financial position and results or business operations, or the investment by holders of securities in our Group.

### 11.4.3 Material capital expenditure and divestitures

Our Group's capital expenditure ("Capex") for the three (3) FYEs 31 December 2009 are as follows:

	← FYE 31 December →		
	2007 RM 000	2008 RM 000	2009 RM 000
Buildings	9,732	95	204
Motor vehicles	347	347	358
Plant and machinery	6,577	2,036	2,151
Office equipment	33	223	62
Furniture and fittings	4	160	77
Work-in-progress*	6,118	6,535	888
<b>Total</b>	<b>22,811</b>	<b>9,396</b>	<b>3,740</b>

**Note:**

\* *Work-in-progress comprises primarily the cost of construction of factory buildings and cost of installation and/or commissioning of plant and machinery.*

Our Group's new manufacturing plant was fully set-up during the FYE 31 December 2007. As a result, our Group's Capex increased by 40.37% from RM16.25 million in the FYE 31 December 2006 to RM22.81 million in the FYE 31 December 2007. Capex were incurred mainly for the following:

- (i) completion of construction of new manufacturing facility amounting to approximately RM9.73 million; and
- (ii) completion of installation of new plant and machinery amounting to RM6.58 million for our Group's new manufacturing facility.

## 11. FINANCIAL INFORMATION (CONT'D)

For the FYE 31 December 2008, our Group's Capex were primarily for the construction of factory buildings and installation and commissioning of new plant and machinery, which were still work-in-progress, accounting for 69.55% of our total Capex for the financial year.

For the FYE 31 December 2009, our Group's Capex were primarily for the purchase of plant and machinery, accounting for 57.51% of our total Capex for the financial year.

There have been no material divestitures since the beginning of the last three (3) FYEs 31 December 2009 up to the LPD.

### 11.4.4 Material Commitments

As at the LPD, our Group has material capital commitments for capital expenditure of RM6.77 million as follows:

	RM 000
Approved and contracted for	6,131
Approved but not contracted for	635
	<u>6,766</u>

Details of the material capital commitments for capital expenditure which were approved but not contracted for amounting to RM0.64 million as at the LPD are as follows:

	RM 000
<b>Capital expenditure</b>	
Motor vehicles	100
Furniture and fittings	3
Office equipment	42
Plant and machinery	60
Buildings	430
<b>Total</b>	<u>635</u>

We intend to fund the material commitment by our internally generated funds.

### 11.4.5 Contingent Liabilities

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on our profit or net assets.

### 11.4.6 Material Litigation

Neither we nor our subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which will have a material effect on our financial position and our Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect our position or business.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.7 Key Financial Ratios of our Group

The key financial ratios of our Group based on our proforma consolidated financial statements for the FYE 31 December 2007 and audited consolidated financial statements for the two (2) FYEs 31 December 2009 are as follows:

	← FYE 31 December →		
	2007	2008	2009
Trade receivables turnover period (months) :	3.07	6.12	4.06
Trade payables turnover period (months) :	0.85	3.34	1.00
Inventory turnover period (months) :	2.24	2.85	2.84

#### *Trade receivables turnover*

Our Group's normal credit period given to our trade debtors generally range up to 90 days. The credit terms we extend to every customer may differ after taking into consideration, inter-alia, the background and creditworthiness of the customers, level of risk involved, payment history of the customer and our relationship with the customer.

Our trade receivables turnover period increased from 3.07 months in the FYE 31 December 2007 to 6.12 months in the FYE 31 December 2008. The increase in receivables turnover period was mainly due to the sales of high voltage bare conductors to our major customer for the FYE 31 December 2008 namely Sarwaja Timur for the Entinggan-Engkilili transmission line project, whereby total billings of RM38.73 million was only made during the month of December 2008.

Our trade receivables turnover period improved to 4.06 months for the FYE 31 December 2009, mainly due to stringent credit control measures implemented by our Group to monitor overdue customer accounts.

As part of our overall cash management policy, our Group has taken steps to manage and reduce our trade receivables turnover period such as:

- (i) Applying a stringent credit evaluation process such as carrying out assessment of the financial credibility of existing and new customers before setting credit limit and credit period for any existing and new customers; and
- (ii) The Sales and Marketing Department of our Group closely monitors outstanding trade receivables which exceed the prescribed credit period by analysing the monthly trade receivables ageing report. Our Group also undertakes measures to improve collections from overdue customer accounts such as contacting the customer or the respective sales representative of the customer to follow-up on the status of payment of the overdue trade receivables.

## 11. FINANCIAL INFORMATION (CONT'D)

Our Board of Directors are of the opinion that the credit control measures implemented by our Group have contributed to the improvement in our collections of trade receivables and will further strengthen the financial position of our Group.

The trade receivables ageing analysis of our Group as at 31 December 2009 are set out below:

	← Within credit period →			← Exceeding credit period →			Total RM 000
	Current RM 000	31-60 days RM 000	61-90 days RM 000	91-120 days RM 000	121-150 days RM 000	>150 days RM 000	
Trade receivables	5,567	4,267	2,836	4,501	8,944	4,271	30,386
% of total trade receivables	18.32	14.04	9.33	14.81	29.44	14.06	100.00

As at the LPD, approximately 40.47% or RM12.30 million of the total trade receivables of RM30.39 million has been collected by our Group. As at 31 December 2009, our Group has outstanding trade receivables exceeding our Group's average credit period of 90 days of RM17.72 million, representing 58.31% of the total receivables of our Group. As at the LPD, out of the outstanding trade receivables exceeding the credit period of RM17.72 million, approximately 38.71% or RM6.86 million of total outstanding trade receivables exceeding the credit period has been collected by our Group.

Our finance team, specifically our Manager of Finance, monitors all outstanding trade debts and if a customer fails to issue payment on our invoice within the credit terms granted, our sales personnel will contact the customer directly to follow-up on the status of payment of the overdue debt. We will make specific provisions in the event that the recovery of the debt appears doubtful. The quantum of such provision is dependent on the duration for which the debt was overdue, payment history of our customer and likelihood that such debt may be unrecoverable.

Our Board of Directors are of the opinion that all remaining outstanding receivables are recoverable.

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## 11. FINANCIAL INFORMATION (CONT'D)

**Trade payables turnover**

The normal credit terms granted to us by our suppliers ranges from 14 days to 90 days. Our trade payables turnover period increased from 0.85 months in the FYE 31 December 2007 to 3.34 months in the FYE 31 December 2008 due to the significant purchase of medium and high voltage power cables and wires from our suppliers amounting to RM39.35 million, to cater for the increase in demand for medium and high voltage power cables from our customers as well as poorer collections from our trade receivables during the financial year. Our trade payables turnover period subsequently decreased to 1 month during the FYE 31 December 2009 as we shortened our repayment periods to our suppliers to build stronger long-term supplier relationships and also to benefit from better pricing of raw materials and/or finished products purchased.

The trade payables ageing analysis of our Group as at 31 December 2009 are set out below:

	← Within credit period →			← Exceeding credit period →			Total RM 000
	Current	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	
Trade payables	4,877	873	484	#	(24)	(7)	6,203
% of total trade payables	78.62	14.07	7.80	-	(0.38)	(0.11)	100.00

**Note:**

# Less than RM1,000.

As at the LPD, we are not aware of any actions, legal or otherwise, that have been taken by the trade suppliers for the recovery of debts due to them or due to any defaults in payment.

**Inventories turnover**

Our Group's inventory comprises raw materials such as copper rods, aluminium rods, PVC compounds and steel wires used in the manufacture of our power cables and wires, work-in-progress, finished goods, consumable stock and PVC accessories.

We generally do not carry a high level of raw materials in inventory as we practise the policy of purchasing raw materials to meet customer's demand. Finished goods form a substantial portion of our inventory as we keep buffer stock to meet increased demand for key products by customers on a short notice.

Inventory management is crucial for our Group as copper rods and aluminium rods are our main sources of raw materials and the prices of copper rods and aluminium rods are subject to volatile fluctuation. We closely monitor the prices and supply of the required raw materials and take measures such as increasing our inventory levels to two (2) to three (3) months if we anticipate a shortage of supply or experience an increase in market demand from customers.

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**11. FINANCIAL INFORMATION (CONT'D)**

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Our inventory turnover period increased from 2.24 months in the FYE 31 December 2007 to 2.85 months in the FYE 31 December 2008 as our Group took advantage of the cheaper raw material prices particularly during the fourth quarter of 2008 whereby the average prices of copper and aluminium rods were on a decreasing trend and also in anticipation of increased sales and market demand during the financial year.

Our inventory turnover period declined marginally to 2.84 months during the FYE 31 December 2009, as inventories were gradually consumed and sold to meet market demand for power cables and wires during the second quarter of 2009.

We are of the view that there are no material slow-moving or obsolete inventories as at the 31 December 2009.

**11.4.8 Off-Balance Sheet Arrangements**

Our Group does not have any off-balance sheet arrangements which are reasonably likely to have a current or future material effect on our financial condition, change in financial condition, revenues or expenses, results of operations, capital expenditures or capital resources.

**11.4.9 Financial Risk Management Objectives and Policies**

In the normal course of our business, we are exposed to a variety of market risks, including commodity price risk, credit risk, interest rate risk and foreign exchange risk. Our Directors consider and evaluate our risk management periodically. Please refer to Section 12 of this Prospectus for a description of our Group's accounting policies and additional information.

**(i) Commodity price risk**

We are exposed to commodity price risk resulting from changes in the prices of raw materials such as copper and aluminium, the two main components of our Group's purchases which affects our cost of production. Please refer to Section 4 of this Prospectus for risk factors on commodity price risk.

**(ii) Credit risk**

Our exposure to credit risk arises mainly from our trade receivables. Credit risk is mitigated by appropriate credit approvals, imposition of credit limit and regular monitoring of trade receivables ageing.

Our Group's normal trade credit term ranges up to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Our Group has exposure to certain customers or counterparties. However, this does not pose significant credit risk to our Group.

Nevertheless, there is no assurance that any delay or failure to collect receivables will not adversely impact our financial performance.



## 11. FINANCIAL INFORMATION (CONT'D)

### (iii) Interest rate risk

Our Group is exposed to interest rate fluctuations on interest earned on cash and bank balances and fixed deposits placed with financial institutions, all of which are denominated in RM. The interest rate of our Group's finance leases are fixed and not exposed to interest rates fluctuations. Our exposure to interest rate fluctuations is minimal as our Group does not have any significant borrowings and any interest rate fluctuations will not have a material effect on our Group's financial position and results of operations.

### (iv) Foreign exchange risk

We are exposed to minimal foreign currency risk resulting from transactions denominated in foreign currency arising from our normal business activities. As at the LPD, we have no outstanding commitments in relation to foreign exchange contracts.

On 24 December 2005, RHB Bank Berhad granted a foreign exchange contract line ("FXCL") facility amounting to RM10 million to Universal Cable (Sarawak) which was subsequently revised downward to RM1 million on 14 January 2008. As at the LPD, the FXCL remains unutilised by Universal Cable (Sarawak).

## 11.5 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Letter on Proforma Consolidated Financial Information and Accountants' Report set out in Sections 11.3 and 12 of this Prospectus respectively.

The table below sets out the cash and cash equivalents as well as capitalisation and indebtedness of our Group:

- (i) based on our proforma consolidated balance sheet as at 31 December 2009; and
- (ii) as adjusted for the net proceeds from the Public Issue, payment of dividends and intended use of the proceeds from the Public Issue.

	Audited as at 31 December 2009 RM 000	After Public Issue, Final Dividend and utilisation of listing proceeds RM 000
Cash and cash equivalents	4,444	5,298
Indebtedness		
<i>Current</i>		
- Unsecured and guaranteed	-	-
Total indebtedness	-	-
Total shareholders' equity	79,695	84,020
Total capitalisation and indebtedness	79,695	84,020

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**11. FINANCIAL INFORMATION (CONT'D)**

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**11.6 EFFECTS OF INFLATION**

Our Directors are of the view that inflation does not have a material impact on our business, financial condition or results of operation of our Group. However, in the future, any increase in inflation rate may affect our operations and performance if we are not able to fully offset the higher costs through higher prices.

**11.7 TREND INFORMATION****11.7.1 Business and Financial Prospect**

In light of the current global financial crisis that has impacted the local economy, the outlook of the power cables and wires industry in Malaysia may be challenging for the short to medium term. A slowdown in the Malaysian economy may lead to a slowdown in the building and construction industry and infrastructure development. As these industries are important sources of demand for the power cables and wires industry, a slowdown in these sectors may, in turn, lead to a slowdown in the power cables and wires industry. For the financial years and periods under review up to the LPD, our Directors have observed the following trends based on the industry outlook and business performance and of our Group:

**(i) Trends in local production of power cables and wires**

Between 2005 and 2009, the sales value of the manufacture of electric power cables and wires increased at an average annual rate of 11.5%. In 2009, the sales value of manufacture of electric power cables and wires decreased by 25.1% to RM1.4 billion.

*(Source: Independent Assessment of the Power Cables and Wires Industry in Malaysia prepared by Vital Factor)*

**(ii) Trends in export of power cables and wires**

Between 2005 and 2009, the export value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000V declined at an average annual rate of 0.2%. In 2009, the export value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000V increased by 9.4% to reach RM317.0 million.

Between 2005 and 2009, the export value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage exceeding 1,000V increased at an average annual rate of 25.1%. In 2009, the export value of these types of power cables and wires declined by 29.1% to RM190.9 million.

*(Source: Independent Assessment of the Power Cables and Wires Industry in Malaysia prepared by Vital Factor)*

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**11. FINANCIAL INFORMATION (CONT'D)**

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**(iii) Performance of the user-industries**

Growth in the power cables and wires industry is also dependent on the growth of the user-industries such as for property development, electricity consumption and coverage of supply of electricity to rural areas. The key trends and observations of the user-industries are as follows:

- (a) demand for properties: Between 2004 and 2008, the transaction value of properties in Malaysia and East Malaysia increased at an average annual rate of 10.2% and 10.1% respectively. In 2008, the transaction value of properties in Malaysia grew by 14.5% to reach RM88.3 billion, of which, East Malaysia accounted for RM6.6 billion.
- (b) electricity consumption: Between 2004 and 2008, electricity consumption in Malaysia increased at an average annual rate of 4.8%. In 2008, electricity consumption grew by 3.9% in terms of units to reach 95,200 Gigawatts hours (GWh). During the first half of 2009, the electricity consumption in Malaysia amounted to 45,000 GWh.
- (c) rural electrification coverage: According to the Government Transformation Programme published in January 2010, Sabah and Sarawak have lower rates of electrification at 77% and 67% respectively, compared to the electrification rate in Peninsular Malaysia of 99%. Through the rural electrification programme, the Government has set a target to increase the number of houses with access to electricity in Sabah and Sarawak to 80.8% and 72.6% respectively by 2010. The Government will connect 140,000 additional homes by 2012. Of this, 95% will be in Sabah and Sarawak.

*(Source: Independent Assessment of the Power Cables and Wires Industry in Malaysia prepared by Vital Factor)*

**(iv) Selling prices and demand for our products**

The selling prices of our manufactured power cables and wires are generally dependent on the prices of our raw materials such as copper rods and aluminium rods which are widely used for the production of low voltage power cables and wires for transmission. Fluctuation in prices of commodities traded on the LME such as copper and aluminium will influence the prices of raw materials purchased and our cost of production. The increasing prices of raw materials have to a certain extent driven the selling prices of our cables and wires upwards as we seek to pass the higher raw material prices to our customers. The prices of raw materials are subject to the vagaries of market demand and supply whereby shortages in supply coupled with increased demand will further drive up the prices of raw materials.

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**11. FINANCIAL INFORMATION (CONT'D)**

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Demand for our power cables and wires are mainly attributable to the level of demand for cables in our principal markets by end-users of cables which include among others, utility companies, project owners and electrification works contracting companies. The continuing increase in electricity consumption, expansion of rural electrification coverage, increase in property development activities and government initiatives to promote the power development sector will ultimately drive demand for our power cables and wires for power distribution and transmission.

Against this backdrop, our Directors have seen the prices of commodities, in particular copper and aluminium, trending upward over the last five (5) years and is expected to remain volatile in view of the economic conditions. Our Directors are of the view that demand for cables and wires, volume of sales and selling prices will continue to be on an upward trend in view of the outlook and prospects of the power cables and wires industry in Malaysia.

Save as disclosed above and under Section 11.2.3 of this Prospectus, and barring any unforeseen circumstances, our Directors are not aware of any other known recent trends in production, sales and inventory, the costs and selling prices of our power cables and wires or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effects on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

**11.7.2 Order Book**

As at the LPD, we have confirmed orders on-hand amounting to approximately RM64.26 million. However, these orders are subject to cancellation or deferral by our customers. Accordingly, our order book as at any particular date may not be indicative of our revenue for any succeeding period.

In view of the above, our future plans and our Group's commitment to the growth of our business, we believe that the business and financial prospects of our Group for the foreseeable future are optimistic. Our Group's competitive advantages and future plans are set out in Sections 6.11 and 7.12 of this Prospectus respectively.

**11.8 DIVIDEND POLICY**

It is our Directors' policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Our Directors will consider the following general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) the level of our cash and level of indebtedness;
- (ii) required and expected interest expense, cashflows, our profits and return on equity and retained earnings;

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**11. FINANCIAL INFORMATION (CONT'D)**

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- (iii) our expected results of operations and future level of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

Considering the current financial position of our Group, our Directors intend to adopt a progressive dividend policy, subject to the factors stated above and in the absence of any circumstances which might reduce the amount of revenue reserve available to pay dividends, whether by losses, capital reduction or otherwise, our Group intends to pay and declare interim tax-exempt dividends of not less than 2.5 sen per Share in respect of the FYE 31 December 2010.

On 16 October 2009, our Group declared the Interim Dividend. The Interim Dividend was paid on 29 October 2009 from internally generated funds of our Group, which have subsequently increased up to the LPD, mainly due to better collections from overdue customer accounts. On 8 April 2010, our Group declared the Final Dividend. The Final Dividend was paid on 22 April 2010 from internally generated funds of our Group.

Nonetheless, future dividends may not be declared or paid if:

- (i) our Group is in a loss position for the relevant financial year;
- (ii) our Group has insufficient cashflows to meet any dividend payment; or
- (iii) our Group requires further capital for our business expansion.

You should note that all foregoing statements are merely statements of our present intention and are not legally binding statements in respect of the future dividends or dividends payable pursuant thereto, and are subject to modification (including reducing the pay-out ratio or amending or repealing the dividend policy) at our Directors' sole and absolute discretion. Please refer to Section 4 of this Prospectus for risks relating to payment of dividend.

**No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.**

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## 12. ACCOUNTANTS' REPORT

*(Prepared for inclusion in this Prospectus)*



**Ernst & Young**

AF : 0039  
3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233  
Fax: +6082 421 287  
www.ey.com

### ACCOUNTANTS' REPORT

*(Prepared for inclusion in this Prospectus)*

21 April 2010

The Board of Directors  
Sarawak Cable Berhad  
Lot 767, Block 8, Muara Tebas Land District  
Demak Laut Industrial Estate Phase III, Jalan Bako  
93050 Kuching  
Sarawak

Dear Sirs,

### SARAWAK CABLE BERHAD ("SARAWAK CABLE") ACCOUNTANTS' REPORT

#### 1.0 INTRODUCTION

This report has been prepared by Ernst & Young, an approved company auditor, exclusively for inclusion in the Prospectus of Sarawak Cable in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Sarawak Cable on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

#### 2.0 GENERAL INFORMATION

##### 2.1 Background of Sarawak Cable

Sarawak Cable was incorporated in Malaysia under the Companies Act, 1965 on 8 January 1998 as a public limited liability company under the name of UCS Holdings Berhad. It was converted to a private limited liability company on 16 May 2007 under the name of UCS Holdings Sdn. Bhd. The Company changed its name from UCS Holdings Sdn. Bhd. to Sarawak Cable Sdn. Bhd. on 13 February 2009. It was reconverted to a public limited liability company on 26 October 2009 and has since assumed its present name. Sarawak Cable is domiciled in Malaysia with its registered office located at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak.

The principal activity of Sarawak Cable is that of investment holding.

Further details on its subsidiaries are set out in Section 2.3 below.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 2.0 GENERAL INFORMATION (contd.)

## 2.2 Share Capital

The authorised share capital of Sarawak Cable is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each in Sarawak Cable ("Sarawak Cable Shares"). The changes in the issued and fully paid-up share capital of Sarawak Cable since incorporation are as follows:

Date of allotment	Number of ordinary shares	Par value RM	Purpose	Amount RM
Date of incorporation - 8 January 1998	2	1.00	Subscribers' shares	2
2 September 2008	52,299,998	1.00	Acquisition of Universal Cable (Sarawak) Sdn. Bhd. ("Universal Cable (Sarawak)") via share swap	52,299,998
2 September 2008	52,300,000	0.50	Share Split of one (1) ordinary share of RM1.00 each into two (2) Sarawak Cable Shares	-
30 June 2009	2,400,000	0.50	New Issue	1,200,000
	<u>107,000,000</u>			<u>53,500,000</u>

## 2.3 Subsidiaries of Sarawak Cable

The details of the subsidiaries of Sarawak Cable at the date of this report are as follows:

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest	Principal activities
Universal Cable (Sarawak)	9 July 1980; Malaysia	RM15,000,000	100%	Manufacture of power cables and wires
Sarawak Power Solutions Sdn. Bhd. ("Sarawak Power")	22 October 2009; Malaysia	RM500,000	51%	Dormant. The intended principal activity is the manufacture of hybrid power inverters

Sarawak Cable and its subsidiaries are collectively referred to as "Sarawak Cable Group" or "the Group".

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**3.0 RESTRUCTURING EXERCISE AND LISTING SCHEME**

During the financial years ended (“FYE”) 31 December 2008 and 31 December 2009, the following Restructuring Exercise have been carried out and completed, which are reflected in the audited consolidated balance sheet of Sarawak Cable as at 31 December 2009.

**3.1 Transfer**

Transfer of 5,250,000 ordinary shares of RM1.00 each held in Universal Cable (Sarawak) (“Universal Cable (Sarawak) Shares”) by Syarikat SESCO Berhad (“SESCO”) to Sarawak Energy Berhad (“Sarawak Energy”). The Transfer was completed on 29 August 2008.

**3.2 Acquisition of Universal Cable (Sarawak)**

Sarawak Cable acquired 15,000,000 Universal Cable (Sarawak) Shares, representing the entire issued and paid-up share capital of Universal Cable (Sarawak) from Central Paragon Sdn. Bhd. (“Central Paragon”), Leader Universal Holdings Berhad (“Leader Universal”) and Sarawak Energy for a total purchase consideration of RM52,299,998 which was satisfied by the issuance of 52,299,998 new ordinary shares of RM1.00 each in Sarawak Cable. The acquisition of Universal Cable (Sarawak) was completed on 2 September 2008.

**3.3 Share Split**

Sarawak Cable implemented a share split of every one (1) existing ordinary share of RM1.00 each in Sarawak Cable held into two (2) new Sarawak Cable Shares. The Share Split was completed on 2 September 2008.

**3.4 Offer for Sale I**

Subsequent to the completion of the Transfer, Acquisition of Universal Cable (Sarawak) and Share Split, the three shareholders of Sarawak Cable, namely Central Paragon, Leader Universal and Sarawak Energy undertook an offer for sale of 29,500,000 Sarawak Cable Shares at an offer price of RM0.51 per Sarawak Cable Share to identified Directors and key management of Universal Cable (Sarawak) and Dato Sri Mahmud Abu Bekir Taib. The Offer for Sale I was completed on 30 June 2009.

**3.5 New Issue**

Sarawak Cable undertook a new issue of 2,400,000 Sarawak Cable Shares at an issue price of RM0.51 per Sarawak Cable Share to Toh Chee Ching. The New Issue was completed on 30 June 2009.



12. ACCOUNTANTS' REPORT (CONT'D)



**3.0 RESTRUCTURING EXERCISE AND LISTING SCHEME (contd.)**

Sarawak Cable is undertaking a listing exercise on the Main Market of Bursa Securities which comprises the following:

**3.6 Offer for Sale II**

An offer for sale of 19,000,000 existing Sarawak Cable Shares by Central Paragon, Leader Universal and Sarawak Energy (collectively referred to as "Offerors") by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry.

**3.7 Public Issue**

A public issue of 13,000,000 new Sarawak Cable Shares, comprising:

- (i) 6,000,000 new Sarawak Cable Shares available for application by the Malaysian public, of which at least 50% is to be set aside strictly for public Bumiputera investors, to the extent possible; and
- (ii) 7,000,000 new Sarawak Cable Shares available for application by eligible Directors, employees and business associates of the Sarawak Cable Group.

**3.8 Listing**

In conjunction with the Offer for Sale II and Public Issue, Sarawak Cable seeks the listing of and quotation for its entire enlarged issued and paid-up share capital comprising 120,000,000 Sarawak Cable Shares on the Main Market of Bursa Securities.

**4.0 AUDITORS AND AUDITED FINANCIAL STATEMENTS**

Messrs. Ernst & Young, Chartered Accountants, is the auditor of Sarawak Cable and Universal Cable (Sarawak) for the FYEs 31 December 2007 to 2009. Whereas, Messrs. Yong & Oh, Chartered Accountants, is the auditor of Sarawak Power for the financial period ended ("FPE") 31 December 2009.

This report deals with the following:

- (i) audited financial statements of Sarawak Cable and Universal Cable (Sarawak) for the FYE 31 December 2007;
- (ii) audited financial statements of Sarawak Power for the FPE 31 December 2009; and
- (ii) audited consolidated financial statements of the Sarawak Cable Group for the FYEs 31 December 2008 and 2009.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 4.0 AUDITORS AND AUDITED FINANCIAL STATEMENTS (contd.)

The audited financial statements of Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power were reported on without any qualification or modification for all the financial years.

This report has been prepared on a basis consistent with the accounting policies adopted by Sarawak Cable, Universal Cable (Sarawak) and Sarawak Power as set out in Section 10 and such bases are consistent with the format of the audited financial statements and in accordance with the Financial Reporting Standards in Malaysia.

## 5.0 DIVIDENDS

Details of dividends declared and paid by Sarawak Cable in respect of the financial years under review are as follows:

Date of payment	Type of dividend	Gross dividend rate	Tax rate	Net dividend RM
29 October 2009 31 December 2009	Interim for FYE	2.5% tax-exempt	Nil	2,675,000
22 April 2010 31 December 2009	Final for FYE	2.5% tax-exempt	Nil	2,675,000

Sarawak Cable had on 8 April 2010 declared a final dividend of 2.5 sen per Sarawak Cable Share, tax-exempt for the FYE 31 December 2009 amounting to RM2.675 million. The final dividend shall be paid on 22 April 2010 from internally generated funds of the Sarawak Cable Group.

Details of dividends declared and paid by Universal Cable (Sarawak) in respect of the financial years under review are as follows:

Date of payment	Type of dividend	Gross dividend rate	Tax rate	Net dividend RM
31 December 2007 31 December 2006	Final for FYE	45.7%	27%	5,000,000
23 October 2009 31 December 2009	Interim for FYE	20% tax-exempt	Nil	3,000,000
20 April 2010 31 December 2009	Final for FYE	20% tax-exempt	Nil	3,000,000

## 12. ACCOUNTANTS' REPORT (CONT'D)


**ERNST & YOUNG**

## 5.0 DIVIDENDS (contd.)

Universal Cable (Sarawak) had on 9 March 2010 declared a final dividend of 20 sen per Universal Cable (Sarawak) Share, tax-exempt for the FYE 31 December 2009 amounting to RM3 million. The final dividend was paid on 20 April 2010 from internally generated funds of Universal Cable (Sarawak).

There were no dividends declared or paid by Sarawak Power during the financial period under review.

## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP

The following financial information of Sarawak Cable Group is prepared based on the audited financial statements of Sarawak Cable Group for the FYEs 31 December 2007 to 2009.

## 6.1 Income Statements of Sarawak Cable Group

	Note	2007 RM	FYE 31 December 2008 RM	2009 RM
<b>Revenue</b>		104,070,064	135,696,696	89,795,461
Cost of goods sold		(91,028,330)	(120,139,885)	(74,466,266)
<b>Gross profit</b>		13,041,734	15,556,811	15,329,195
Other income		1,313,831	651,305	760,627
Selling and distribution expenses		(1,420,478)	(2,098,501)	(2,793,451)
Administrative expenses		(1,707,707)	(1,931,457)	(2,505,400)
Other expenses		(180,916)	(622,436)	(116,183)
<b>Operating profit</b>		11,046,464	11,555,722	10,674,788
Finance costs		(15,192)	(672,772)	(212,190)
<b>Profit before tax</b>	6.5.4	11,031,272	10,882,950	10,462,598
Income tax expense	6.5.7	284,502	(2,099,730)	(2,368,193)
<b>Profit for the year</b>		11,315,774	8,783,220	8,094,405

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.2 Balance Sheets of Sarawak Cable Group

	Note	As at 31 December		
		2007	2008	2009
		RM	RM	RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6.5.9	24,968,035	33,042,174	34,654,951
Prepaid land lease payments		2,962,647	2,896,432	2,832,789
		<u>27,930,682</u>	<u>35,938,606</u>	<u>37,487,740</u>
<b>Current assets</b>				
Inventories		17,005,664	28,501,889	17,605,575
Trade and other receivables	6.5.11	26,981,780	70,025,331	31,340,426
Marketable securities		-	-	-
Tax recoverable		-	23,166	-
Fixed deposits		3,500,000	-	-
Cash and bank balances		317,615	1,766,257	4,444,193
		<u>47,805,059</u>	<u>100,316,643</u>	<u>53,390,194</u>
<b>TOTAL ASSETS</b>		<u><u>75,735,741</u></u>	<u><u>136,255,249</u></u>	<u><u>90,877,934</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	6.5.12	15,000,000	15,000,002	16,200,002
Share premium	6.5.12	-	-	24,000
Revaluation reserve		452,389	452,389	452,389
Revenue reserve		48,571,175	57,354,395	62,778,834
Minority interest		-	-	239,966
<b>Total equity</b>		<u>64,023,564</u>	<u>72,806,786</u>	<u>79,695,191</u>
<b>Non-current liabilities</b>				
Borrowings		147,079	18,781	-
Deferred tax liability		253,000	1,733,000	2,226,000
		<u>400,079</u>	<u>1,751,781</u>	<u>2,226,000</u>
<b>Current liabilities</b>				
Cash at bank		2,117,446	-	-
Borrowings		135,504	21,160,298	-
Trade and other payables	6.5.13	9,042,807	40,536,384	8,791,877
Tax payable		16,341	-	164,866
		<u>11,312,098</u>	<u>61,696,682</u>	<u>8,956,743</u>
<b>Total liabilities</b>		<u>11,712,177</u>	<u>63,448,463</u>	<u>11,182,743</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>75,735,741</u></u>	<u><u>136,255,249</u></u>	<u><u>90,877,934</u></u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.3 Statements of Changes in Equity of Sarawak Cable Group

	Note	Share capital RM	Non-distributable			Distributable		Minority interest RM	Total equity RM
			Share premium RM	Revaluation reserve RM	Revenue reserve RM	Revenue reserve RM			
<b>At 1 January 2007</b>		15,000,000	-	-	42,255,401	-	-	57,255,401	
Profit for the year		-	-	-	11,315,774	-	-	11,315,774	
Revaluation increase, net of deferred tax		-	452,389	-	-	-	-	452,389	
Dividends		-	-	-	(5,000,000)	-	-	(5,000,000)	
<b>At 31 December 2007</b>		15,000,000	-	452,389	48,571,175	-	-	64,023,564	
Profit for the year		-	-	-	8,783,220	-	-	8,783,220	
Reverse acquisition accounting adjustment	6.5.10	2	-	-	-	-	-	2	
<b>At 31 December 2008</b>		15,000,002	-	452,389	57,354,395	-	-	72,806,786	
Issue of ordinary shares:									
Issued for cash	6.5.12	1,200,000	24,000	-	-	-	245,000	1,469,000	
Profit for the year		-	-	-	8,099,439	-	(5,034)	8,094,405	
Dividends	6.5.8	-	-	-	(2,675,000)	-	-	(2,675,000)	
<b>At 31 December 2009</b>		16,200,002	24,000	452,389	62,778,834	-	239,966	79,695,191	

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.4 Cash Flow Statements of Sarawak Cable Group

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
<b>Cash flows from operating activities</b>			
Profit before tax	11,031,272	10,882,950	10,462,598
Adjustments for:			
Amortisation of prepaid land lease payments	54,463	66,215	63,643
Depreciation of property, plant and equipment	984,260	1,321,658	1,894,878
Formation expenses written off	-	-	5,750
Goodwill written off	-	16,719	-
Interest expense	14,342	672,448	212,131
Inventories written off	-	4,331	29,801
Provision for doubtful debts	178,287	-	-
Write-down of inventories	-	481,034	-
Gain on disposal of property, plant and equipment	(50,566)	(4,769)	(151,679)
Gain on disposal of marketable securities	(3,337)	-	-
Interest income	(172,483)	(16,315)	(15,030)
Reversal of provision for doubtful debts	(513,818)	(224,070)	(136,604)
Unrealised gain on marketable securities	(27,051)	-	-
<b>Operating profit before working capital changes</b>	<b>11,495,369</b>	<b>13,200,201</b>	<b>12,365,488</b>
Decrease/(increase) in inventories	1,917,231	(11,981,590)	10,866,513
(Increase)/decrease in receivables	(4,538,334)	(42,433,035)	38,821,509
(Decrease)/increase in payables	(4,136,068)	31,090,412	(31,744,506)
<b>Cash generated from/ (used in) operations</b>	<b>4,738,198</b>	<b>(10,124,012)</b>	<b>30,309,004</b>
Tax paid	(3,180,681)	(659,237)	(1,687,161)
Interest paid	(14,342)	(672,448)	(212,131)
Formation expenses paid	-	-	(5,750)
<b>Net cash generated from/ (used in) operating activities</b>	<b>1,543,175</b>	<b>(11,455,697)</b>	<b>28,403,962</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.4 Cash Flow Statements of Sarawak Cable Group (contd.)

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
<b>Cash flows from investing activities</b>			
Proceeds from disposal of marketable securities	1,003,337	-	-
Acquisition of an acquiree	-	2	-
Purchase of property, plant and equipment	(6,334,059)	(9,396,090)	(3,739,752)
Proceeds from disposal of property, plant and equipment	50,566	5,062	383,776
Interest received	172,483	16,315	15,030
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(5,107,673)	(9,374,711)	(3,340,946)
	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	-	-	1,224,000
Proceeds from/(repayment of) bankers' acceptances	-	21,032,000	(21,032,000)
Proceeds from hire purchase payables	318,000	-	-
Repayment of hire purchase payables	(112,056)	(135,504)	(147,080)
Proceeds from issuance of shares to minority interest	-	-	245,000
Dividends paid	(5,000,000)	-	(2,675,000)
	<hr/>	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(4,794,056)	20,896,496	(22,385,080)
	<hr/>	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(8,358,554)	66,088	2,677,936
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	10,058,723	1,700,169	1,766,257
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year (Note 6.5.14)</b>	1,700,169	1,766,257	4,444,193
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group

## 6.5.1 Notes and disclosures

The notes and disclosures of Sarawak Cable Group are only presented when they are different from the notes and disclosures of Sarawak Cable or Universal Cable (Sarawak) or Sarawak Power which are set out in Sections 7, 8 and 9 of this report.

## 6.5.2 Significant accounting policies

The accounting policies adopted by Sarawak Cable Group are consistent with the accounting policies disclosed in Section 10 of this report.

## 6.5.3 Comparative figures

Sarawak Cable Group existed on 2 September 2008 upon the completion of the Acquisition of Universal Cable (Sarawak). However under the reverse acquisition accounting where Universal Cable (Sarawak) is deemed the acquirer, the comparative figures in the consolidated financial statements of Sarawak Cable Group presented are those of Universal Cable (Sarawak) for the FYE 31 December 2007.

## 6.5.4 Profit before tax

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

	FYE 31 December		
	2007	2008	2009
	RM	RM	RM
Employee benefits expense (Note 6.5.5)	2,462,536	3,257,991	4,027,259
Auditors' remuneration			
- statutory audits	9,000	14,000	14,000
- other services	-	-	20,000
Amortisation of prepaid land lease payments	54,463	66,215	63,643
Depreciation of property, plant and equipment	984,260	1,321,658	1,894,878
Goodwill written off	-	16,719	-
Inventories written off	-	4,331	29,801
Gain on disposal of property, plant and equipment	(50,566)	(4,769)	(151,679)
Non-executive directors' remuneration (Note 6.5.6)	356,700	433,271	274,600
Provision for doubtful debts	178,287	-	-
Rental expense	41,600	45,080	90,024
Write-down of inventories	-	481,034	-
Unrealised gain on marketable securities	(27,051)	-	-



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.5 Employee benefits expense

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Salaries, wages and bonus	2,103,976	2,894,997	3,546,028
Contributions to defined contribution plan	333,564	332,459	406,404
Social security contributions	24,996	30,535	35,127
Other benefits	-	-	39,700
	<u>2,462,536</u>	<u>3,257,991</u>	<u>4,027,259</u>

Included in employee benefits expense of Sarawak Cable Group are executive director's remuneration amounting to RM480,948 for FYE 31 December 2009.

## 6.5.6 Directors' remuneration

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Executive director's remuneration:			
Fees	-	-	36,000
Other emoluments	-	-	444,948
	<u>-</u>	<u>-</u>	<u>480,948</u>
Non-executive directors' remuneration:			
Fees	330,000	315,000	255,000
Other emoluments	26,700	118,271	19,600
	<u>356,700</u>	<u>433,271</u>	<u>274,600</u>
Total directors' remuneration	356,700	433,271	755,548
Estimated money value of benefits-in-kind	-	-	17,400
	<u>356,700</u>	<u>433,271</u>	<u>772,948</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.7 Income tax expense

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Income tax:			
Based on results for the year	46,341	620,000	1,930,000
Under/(over) provision in prior years	1,104	(270)	(54,807)
	47,445	619,730	1,875,193
Deferred tax:			
Relating to origination and reversal of temporary differences	316,641	1,255,051	493,299
Relating to changes in tax rates	8,244	(91,075)	(69,308)
(Over)/underprovision in prior years	(656,832)	316,024	69,009
	(331,947)	1,480,000	493,000
Total income tax expense	(284,502)	2,099,730	2,368,193

Current income tax is calculated at the statutory tax rate of 25% (31.12.2008: 26%; 31.12.2007: 27%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Profit before tax	11,031,272	10,882,950	10,462,598
Taxation at Malaysia statutory tax rate	2,978,443	2,829,567	2,615,650
Effect of changes in tax rates on opening balance of deferred tax	8,244	(21,075)	(69,308)
Deferred tax recognised at different tax rates	(3,456)	(70,000)	-

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.7 Income tax expense (contd.)

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Income not subject to tax	-	(84)	-
Expenses not deductible for tax purposes	22,296	175,686	226,696
Reinvestment allowances claimed during the year	(1,976,640)	(1,130,118)	(419,047)
Deferred tax assets recognised on reinvestment allowance	(657,661)	-	-
(Over)/underprovision of deferred tax in prior years	(656,832)	316,024	69,009
(Over)/underprovision of income tax in prior years	1,104	(270)	(54,807)
Income tax expense for the year	<u>(284,502)</u>	<u>2,099,730</u>	<u>2,368,193</u>

## 6.5.8 Dividends

Details of dividends declared and paid by Sarawak Cable in respect of the financial years under review are as follows:

Date of payment	Type of dividend	Gross dividend rate	Tax rate	Net dividend RM
29 October 2009	Interim for FYE	2.5%	Nil	2,675,000
	31 December 2009	tax-exempt		
22 April 2010	Final for FYE	2.5%	Nil	2,675,000
	31 December 2009	tax-exempt		

Sarawak Cable had on 8 April 2010 declared a final dividend of 2.5 sen per Sarawak Cable Share, tax-exempt for the FYE 31 December 2009 amounting to RM2.675 million. The final dividend shall be paid on 22 April 2010 from internally generated funds of the Sarawak Cable Group.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.9 Property, plant and equipment

At 31 December 2009

	Cost or valuation RM	Accumulated depreciation RM	Net carrying amount RM
Buildings	21,381,014	1,329,658	20,051,356
Motor vehicles	1,235,691	545,387	690,304
Plant and machinery	21,468,514	8,233,506	13,235,008
Office equipment	552,986	285,546	267,440
Furniture and fittings	382,287	123,042	259,245
Renovation	154,906	13,367	141,539
Capital work-in-progress	10,059	-	10,059
	<u>45,185,457</u>	<u>10,530,506</u>	<u>34,654,951</u>

Buildings are represented:

At cost	19,955,197		18,979,171
At valuation	1,425,817		1,072,185
	<u>21,381,014</u>		<u>20,051,356</u>

At 31 December 2008

Buildings	21,159,311	935,954	20,223,357
Motor vehicles	1,224,697	503,062	721,635
Plant and machinery	20,517,146	9,123,094	11,394,052
Office equipment	535,637	268,075	267,562
Furniture and fittings	321,933	87,745	234,188
Renovation	154,906	9,193	145,713
Capital work-in-progress	55,667	-	55,667
	<u>43,969,297</u>	<u>10,927,123</u>	<u>33,042,174</u>

Buildings are represented:

At cost	19,733,494		19,116,591
At valuation	1,425,817		1,106,766
	<u>21,159,311</u>		<u>20,223,357</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

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

At 31 December 2007

	Cost or valuation RM	Accumulated depreciation RM	Net carrying amount RM
Buildings	11,919,132	655,178	11,263,954
Motor vehicles	933,197	415,061	518,136
Plant and machinery	16,309,530	8,298,410	8,011,120
Office equipment	312,935	225,673	87,262
Furniture and fittings	161,670	62,674	98,996
Renovation	154,906	4,556	150,350
Capital work-in-progress	4,838,217	-	4,838,217
	<u>34,629,587</u>	<u>9,661,552</u>	<u>24,968,035</u>
	=====	=====	=====
Buildings are represented:			
At cost	10,493,315		10,122,602
At valuation	1,425,817		1,141,352
	<u>11,919,132</u>		<u>11,263,954</u>
	=====		=====

Certain buildings of Sarawak Cable Group were revalued in 2007 by Messrs. CH Williams Talhar Wong & Yeo, an independent professional valuer. Fair value is determined based on the open market basis.

At 31 December 2009, had the revalued buildings of Sarawak Cable Group been carried under the cost model, the carrying amount would have RM497,905 (2008: RM513,966; 2007: RM530,027).

During the FYE 31 December 2009, Sarawak Cable Group acquired property, plant and equipment at aggregate costs of RM3,739,752 (2008: RM9,396,090; 2007: RM22,810,989) of which Nil (2008: Nil; 2007: RM318,000) were acquired by means of hire purchase arrangements. Net carrying amount of property, plant and equipment held under hire purchase arrangements is Nil (2008: RM270,135; 2007: RM359,032).

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)****6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)****6.5.10 Significant event**

As set out in Section 3.2, on 2 September 2008, Sarawak Cable acquired the entire equity interest in Universal Cable (Sarawak). The consideration for the acquisition was by way of the issuance of 52,299,998 new ordinary shares of RM1.00 each in Sarawak Cable. The acquisition of Universal Cable (Sarawak) would result in a reverse acquisition from an accounting perspective since the shareholders of Universal Cable (Sarawak) will become the substantial shareholders of the Company. Accordingly, the transaction was accounted for in the consolidated financial statements as a reverse acquisition in accordance with FRS 3: Business Combinations. For financial reporting purposes, Universal Cable (Sarawak) (the legal subsidiary) is the acquirer and Sarawak Cable (the legal parent) is the acquiree. The consolidated financial statements prepared following the reverse acquisition are issued under the name of Sarawak Cable, but they are a continuation of the financial statements of Universal Cable (Sarawak).

Accordingly, in the consolidated financial statements of Sarawak Cable, the assets and liabilities of Universal Cable (Sarawak) have been recognised and measured at their pre-combination carrying amounts, the revenue reserve and other equity balances recognised are the revenue reserve and other equity balances of Universal Cable (Sarawak) immediately before the business combination, the consolidated income statement of Sarawak Cable for the FYE 31 December 2008 includes the results of Universal Cable (Sarawak) for the FYE 31 December 2008 and of Sarawak Cable from the date of the reverse acquisition. The amount recognised as share capital in the consolidated financial statements of Sarawak Cable is determined by adding to the share capital of Universal Cable (Sarawak) immediately before the business combination, the cost of the acquisition deemed to have been incurred by Universal Cable (Sarawak) in the reverse acquisition of Sarawak Cable. Under reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by Universal Cable (Sarawak) in the form of equity instruments issued to the shareholders of Sarawak Cable.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.10 Significant event (contd.)

The results of Sarawak Cable since the date of acquisition included in the results of the Group for the FYE 31 December 2008 were:

	RM
Revenue	-
Loss for the year	202,248

Had the acquisition occurred on 1 January 2008, Sarawak Cable Group's revenue and profit for the FYE 31 December 2008 would have been RM135,696,696 and RM8,781,111 respectively.

The assets and liabilities of Sarawak Cable as at the date of acquisition were:

	RM
Trade and other receivables	386,446
Cash and bank balances	2
	<u>386,448</u>
Trade and other payables	<u>(403,165)</u>
Fair value of net liabilities	(16,717)
Goodwill on combination	16,719
	<u>2</u>
Total cost of acquisition	<u><u>2</u></u>

The cash inflow on acquisition is as follows:

Cash and cash equivalents acquired	2
Net cash inflow on acquisition	<u><u>2</u></u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.11 Trade and other receivables

	As at 31 December		
	2007	2008	2009
	RM	RM	RM
<b>Trade receivables</b>			
Third parties *	26,624,064	69,261,003	30,386,152
Less: Provision for doubtful debts	(859,433)	(634,558)	(497,954)
	25,764,631	68,626,445	29,888,198
<b>Other receivables</b>			
Deposits	761,834	690,354	44,773
Prepayments	182,180	705,205	1,171,889
Other receivables	273,135	3,327	235,566
	1,217,149	1,398,886	1,452,228
	26,981,780	70,025,331	31,340,426

\* Third parties are any parties other than the related parties defined under FRS124 Related Party Disclosure.

Sarawak Cable Group's primary exposure to credit risk arises through its trade receivables. Sarawak Cable Group's trading terms with its customers are mainly on credit. The credit term is generally 90 days.

Sarawak Cable Group has significant exposure to certain debtors. However, Sarawak Cable Group does not consider this to pose significant credit risk to them. Trade receivables are non-interest bearing.

Other information on financial risks of receivables is disclosed in Section 8.5.25.



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.12 Share capital and share premium

	Number of ordinary shares	Par value RM	Amount RM
<b>Issued and fully paid</b>			
At 1 January and 31 December 2007	2	1.00	15,000,000
Ordinary shares issued during the year:			
Acquisition of Universal Cable (Sarawak)	52,299,998	1.00	-
Reverse acquisition adjustment	-		2
	<u>52,300,000</u>	1.00	<u>15,000,002</u>
Share split	52,300,000		-
At 31 December 2008	104,600,000	0.50	15,000,002
Ordinary shares issued during the year:			
Issued for cash pursuant to the New Issue	2,400,000	0.50	1,200,000
At 31 December 2009	<u>107,000,000</u>	0.50	<u>16,200,002</u>
<b>Authorised</b>			
At 1 January and 31 December 2007	100,000	1.00	100,000
Created during the year	99,900,000	1.00	99,900,000
	<u>100,000,000</u>	1.00	<u>100,000,000</u>
Share split	100,000,000		-
At 31 December 2008 and 2009	<u>200,000,000</u>	0.50	<u>100,000,000</u>

In accordance with FRS 3, the amount recognised as issued share capital in the consolidated financial statements of Sarawak Cable are determined by adding to the share capital of Universal Cable (Sarawak) immediately before the business combination, the cost of the combination. However, the equity structure appearing in the consolidated financial statements of Sarawak Cable (i.e. the number and types of equity instruments issued) shall reflect the equity structure of Sarawak Cable, including the equity instruments issued by Sarawak Cable to reflect the combination.

**Share premium**

	RM
At 1 January 2009	-
Ordinary shares issued during the year:	
Issued for cash pursuant to the New Issue	24,000
At 31 December 2009	<u>24,000</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.13 Trade and other payables

	As at 31 December		
	2007 RM	2008 RM	2009 RM
<b>Trade payables</b>			
Third parties	6,427,126	33,465,190	6,202,840
<b>Other payables</b>			
Amount due to corporate shareholder	519,240	-	-
Accruals	520,614	4,940,999	654,680
Other payables	1,575,827	2,130,195	1,934,357
	2,615,681	7,071,194	2,589,037
	9,042,807	40,536,384	8,791,877

Trade payables are non-interest bearing and the normal trade credit terms granted to Sarawak Cable Group range from 14 to 90 days.

Amount due to corporate shareholder was non-interest bearing and was repayable on demand. This amount was unsecured and was to be settled in cash.

Further details on related party transactions are disclosed in Note 6.5.15.

Other information on financial risks is disclosed in Note 8.5.25.

## 6.5.14 Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	As at 31 December		
	2007 RM	2008 RM	2009 RM
Fixed deposits	3,500,000	-	2,650,000
Cash and bank balances	317,615	1,766,257	1,794,193
Cash at bank	(2,117,446)	-	-
	1,700,169	1,766,257	4,444,193

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE GROUP (contd.)

## 6.5 Notes to the Financial Statements of Sarawak Cable Group (contd.)

## 6.5.15 Related party disclosures

- (a) In addition to the transactions detailed elsewhere in the financial statements, Sarawak Cable Group had the following transactions with a related party, namely SESCO, during the financial years:

	FYE 31 December		
	2007	2008	2009
	RM	RM	RM
Corporate shareholder:			
Sale of products to SESCO	20,038,873	-	-
	=====	=====	=====

## (b) Compensation of key management personnel

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

	FYE 31 December		
	2007	2008	2009
	RM	RM	RM
Short-term employee benefits	1,101,415	1,168,107	1,340,578
Contributions to defined contribution plan	107,744	112,034	143,045
	=====	=====	=====
	1,209,159	1,280,141	1,483,623
	=====	=====	=====
Included in the total key management personnel are:			
Directors' remuneration	356,700	433,271	755,548
	=====	=====	=====

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE

The following financial information of Sarawak Cable is extracted from the audited financial statements of Sarawak Cable for the three (3) FYEs 31 December 2007 to 2009.

## 7.1 Income Statements of Sarawak Cable

	Note	FYE 31 December		
		2007	2008	2009
		RM	RM	RM
Revenue		-	-	3,000,000
Administrative expenses		(1,566)	(204,357)	(102,591)
<b>(Loss)/profit before tax</b>	7.5.2	(1,566)	(204,357)	2,897,409
Income tax expense	7.5.5	-	-	-
<b>(Loss)/profit for the year</b>		<u>(1,566)</u>	<u>(204,357)</u>	<u>2,897,409</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.2 Balance Sheets of Sarawak Cable

	Note	As at 31 December		
		2007 RM	2008 RM	2009 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7.5.6	-	-	25,144
Investment in subsidiaries	7.5.7	-	52,299,998	52,554,998
		-	52,299,998	52,580,142
<b>Current assets</b>				
Amount due from a subsidiary	7.5.12	-	-	9,673
Other receivables	7.5.8	180,485	493,274	814,372
Cash and bank balances		2	3,002	1,264,345
		180,487	496,276	2,088,390
<b>TOTAL ASSETS</b>		180,487	52,796,274	54,668,532
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	7.5.9	2	52,300,000	53,500,000
Share premium	7.5.9	-	-	24,000
(Accumulated losses)/ revenue reserve	7.5.10	(14,610)	(218,967)	3,442
<b>Total equity</b>		(14,608)	52,081,033	53,527,442
<b>Current liabilities</b>				
Other payables	7.5.11	195,095	5,000	85,630
Amount due to a subsidiary	7.5.12	-	710,241	1,055,460
		195,095	715,241	1,141,090
<b>Total liabilities</b>		195,095	715,241	1,141,090
<b>TOTAL EQUITY AND LIABILITIES</b>		180,487	52,796,274	54,668,532

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.3 Statements of Changes in Equity of Sarawak Cable

	Note	Share capital RM	Non- distributable Share premium RM	Distributable (Accumulated losses)/ revenue reserve RM	Total equity RM
<b>At 1 January 2007</b>		2	-	(13,044)	(13,042)
Loss for the year		-	-	(1,566)	(1,566)
<b>At 31 December 2007</b>		2	-	(14,610)	(14,608)
Issue of ordinary shares:					
Acquisition of subsidiary	7.5.9	52,299,998	-	-	52,299,998
Loss for the year		-	-	(204,357)	(204,357)
<b>At 31 December 2008</b>		52,300,000	-	(218,967)	52,081,033
Issue of ordinary shares:					
Issued for cash	7.5.9	1,200,000	24,000	-	1,224,000
Profit for the year		-	-	2,897,409	2,897,409
Dividends	6.5.8	-	-	(2,675,000)	(2,675,000)
<b>At 31 December 2009</b>		53,500,000	24,000	3,442	53,527,442

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.4 Cash Flow Statements of Sarawak Cable

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax	(1,566)	(204,357)	2,897,409
Adjustments for:			
Depreciation of property, plant and equipment	-	-	1,712
Dividend income	-	-	(3,000,000)
Operating loss before working capital changes	(1,566)	(204,357)	(100,879)
Increase in receivables	(180,485)	(312,789)	(321,098)
Increase/(decrease) in payables	182,051	(190,095)	80,629
Increase in amount due to subsidiaries	-	710,241	335,547
Net cash generated from/(used in) operating activities	-	3,000	(5,801)
<b>Cash flows from investing activities</b>			
Investment in subsidiary	-	-	(255,000)
Purchase of property, plant and equipment	-	-	(26,856)
Dividend received	-	-	3,000,000
Net cash generated from investing activities	-	-	2,718,144
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	-	-	1,224,000
Dividend paid	-	-	(2,675,000)
Net cash used in financing activities	-	-	(1,451,000)
<b>Net increase in cash and   bank balances</b>	-	3,000	1,261,343
Cash and bank balances at the beginning of the year	2	2	3,002
<b>Cash and bank balances at the   end of the year</b>	2	3,002	1,264,345

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.5 Notes to the Financial Statements of Sarawak Cable

## 7.5.1 Significant accounting policies

The accounting policies adopted by Sarawak Cable are consistent with the accounting policies disclosed in Section 10 of this Report.

## 7.5.2 (Loss)/profit before tax

The following amounts have been included in arriving at (loss)/profit before tax:

	FYE 31 December		
	2007	2008	2009
	RM	RM	RM
Employee benefits expense (Note 7.5.3)	-	180,866	-
Auditors' remuneration			
- statutory audits	500	5,000	5,000
- other services	-	-	5,000
Depreciation of property, plant and equipment	-	-	1,712
Non-executive directors' other emoluments (Note 7.5.4)	-	13,480	-
Rental expenses	-	12,000	51,000
	=====	=====	=====

## 7.5.3 Employee benefits expense

Salaries, wages and bonus	-	159,032	-
Contributions to defined contribution plan	-	21,478	-
Social security contributions	-	356	-
	-----	-----	-----
	-	180,866	-
	=====	=====	=====

## 7.5.4 Directors' remuneration

Non-executive directors' remuneration:			
Other emoluments	-	13,480	-
	-----	-----	-----



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.5 Notes to the Financial Statements of Sarawak Cable (contd.)

## 7.5.5 Income tax expense

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Income tax:			
Based on results for the year	-	-	-

Current income tax is calculated at the statutory tax rate of 25% (31.12.2008: 26%; 31.12.2007: 27%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
(Loss)/profit before tax	(1,566)	(204,357)	2,897,409
Taxation at Malaysia statutory tax rate	(423)	(53,133)	724,352
Income not subject to tax	-	-	(750,000)
Expenses not deductible for tax purposes	423	53,133	25,648
Income tax expense for the year	-	-	-

## 7.5.6 Property, plant and equipment

## At 31 December 2009

	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Office equipment	26,856	1,712	25,144

## 7.5.7 Investment in subsidiaries

	As at 31 December		
	2007 RM	2008 RM	2009 RM
Unquoted shares, at cost	-	52,299,998	52,554,998

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.5 Notes to the Financial Statements of Sarawak Cable (contd.)

## 7.5.8 Other receivables

	As at 31 December		
	2007 RM	2008 RM	2009 RM
Prepayments	180,485	493,274	805,476
Other receivables	-	-	8,896
	<u>180,485</u>	<u>493,274</u>	<u>814,372</u>

## 7.5.9 Share capital and share premium

## Share capital

	Number of ordinary shares	Par value RM	Amount RM
<b>Issued and fully paid</b>			
At 1 January and 31 December 2007	2	1.00	2
Ordinary shares issued during the year:			
Acquisition of Universal Cable (Sarawak)	52,299,998	1.00	52,299,998
	<u>52,300,000</u>	1.00	<u>52,300,000</u>
Share split	52,300,000		-
	<u>104,600,000</u>	0.50	<u>52,300,000</u>
Ordinary shares issued during the year:			
Issued for cash pursuant to the New Issue	2,400,000	0.50	1,200,000
	<u>107,000,000</u>	0.50	<u>53,500,000</u>
<b>Authorised</b>			
At 1 January and 31 December 2007	100,000	1.00	100,000
Created during the year	99,900,000	1.00	99,900,000
	<u>100,000,000</u>	1.00	<u>100,000,000</u>
Share split	100,000,000		-
	<u>200,000,000</u>	0.50	<u>100,000,000</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.5 Notes to the Financial Statements of Sarawak Cable (contd.)

## 7.5.9 Share capital and share premium (contd.)

## Share premium

	RM
At 1 January 2009	-
Ordinary shares issued during the year:	
Issued for cash pursuant to the New Issue	24,000
	<hr/>
At 31 December 2009	24,000
	<hr/> <hr/>

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 Sarawak Cable. All ordinary shares rank equally with regard to Sarawak Cable's residual assets.

**Issue of shares and share split**

During the FYE 31 December 2008, Sarawak Cable increased its:

- (a) authorised ordinary share capital from RM100,000 to RM100,000,000 through the creation of 99,900,000 ordinary shares of RM1.00 each; and
- (b) issued and paid-up ordinary share capital from RM2 to RM52,300,000 by way of the issuance of 52,299,998 ordinary shares of RM1.00 each at an issue price of RM3.49 per ordinary share as purchase consideration for the Acquisition of Universal Cable (Sarawak).

After the creation and issuance of shares, Sarawak Cable split its authorised, and issued and paid-up share capital of 100,000,000 and 52,300,000 ordinary shares of RM1.00 each into 200,000,000 and 104,600,000 Sarawak Cable Shares, respectively.

**Ordinary shares issued for cash**

During the FYE 31 December 2009, Sarawak Cable issued 2,400,000 new Sarawak Cable Shares at an issue price of RM0.51 per Sarawak Cable Share for cash, as part of its restructuring exercise. The share premium of RM24,000 arising from the issuance of new Sarawak Cable Shares has been included in the share premium account.

The new Sarawak Cable Shares issued during the financial year ranked pari passu in all respects with the existing Sarawak Cable Shares.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.5 Notes to the Financial Statements of Sarawak Cable (contd.)

## 7.5.10 (Accumulated losses)/revenue reserve

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

As at 31 December 2009, the Section 108 balance of Sarawak Cable is nil. Sarawak Cable may distribute dividends out of its entire revenue reserve under the single tier system.

## 7.5.11 Other payables

	As at 31 December		
	2007 RM	2008 RM	2009 RM
Accruals	500	5,000	5,000
Other payables	194,595	-	80,630
	<u>195,095</u>	<u>5,000</u>	<u>85,630</u>
	=====	=====	=====

## 7.5.12 Amount due (to)/from subsidiaries

The amounts due (to)/from subsidiaries are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK CABLE (contd.)

## 7.5 Notes to the Financial Statements of Sarawak Cable (contd.)

## 7.5.13 Related party disclosures

## Compensation of key management personnel

	31 December		
	2007 RM	2008 RM	2009 RM
Short-term employee benefits	-	144,032	-
Contributions to defined contribution plan	-	15,968	-
	-	160,000	-
	-	160,000	-
Included in the total key management personnel are:			
Directors' remuneration	-	13,480	-
	-	13,480	-
	-	13,480	-

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)

The following financial information of Universal Cable (Sarawak) is extracted from the audited financial statements of Universal Cable (Sarawak) for the three (3) FYEs 31 December 2007 to 2009.

## 8.1 Income Statements of Universal Cable (Sarawak)

	Note	FYE 31 December		
		2007	2008	2009
		RM	RM	RM
Revenue	8.5.2	104,070,064	135,696,696	89,795,461
Cost of goods sold		(91,028,330)	(120,139,885)	(74,466,266)
<b>Gross profit</b>		<b>13,041,734</b>	<b>15,556,811</b>	<b>15,329,195</b>
Other income	8.5.3	1,313,831	651,305	760,627
Selling and distribution expenses		(1,420,478)	(2,098,501)	(2,793,451)
Administrative expenses		(1,707,707)	(1,729,209)	(2,392,535)
Other expenses		(180,916)	(605,717)	(116,183)
<b>Operating profit</b>		<b>11,046,464</b>	<b>11,774,689</b>	<b>10,787,653</b>
Finance costs	8.5.4	(15,192)	(672,772)	(212,190)
<b>Profit before tax</b>	8.5.5	<b>11,031,272</b>	<b>11,101,917</b>	<b>10,575,463</b>
Income tax expense	8.5.7	284,502	(2,099,730)	(2,368,193)
<b>Profit for the year</b>		<b>11,315,774</b>	<b>9,002,187</b>	<b>8,207,270</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.2 Balance Sheets of Universal Cable (Sarawak)

	Note	As at 31 December		
		2007	2008	2009
		RM	RM	RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8.5.9	24,968,035	33,042,174	34,375,123
Prepaid land lease payments	8.5.10	2,962,647	2,896,432	2,832,789
		<u>27,930,682</u>	<u>35,938,606</u>	<u>37,207,912</u>
<b>Current assets</b>				
Inventories	8.5.11	17,005,664	28,501,889	17,605,575
Trade and other receivables	8.5.12	26,981,780	69,532,057	30,526,054
Amount due from holding company	8.5.13	-	710,241	1,055,460
Tax recoverable		-	23,166	-
Fixed deposits	8.5.14	3,500,000	-	2,650,000
Cash and bank balances	8.5.22	317,615	1,763,255	29,850
		<u>47,805,059</u>	<u>100,530,608</u>	<u>51,866,939</u>
<b>TOTAL ASSETS</b>		<u><u>75,735,741</u></u>	<u><u>136,469,214</u></u>	<u><u>89,074,851</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	8.5.15	15,000,000	15,000,000	15,000,000
Revaluation reserve	8.5.16	452,389	452,389	452,389
Revenue reserve	8.5.17	48,571,175	57,573,362	62,780,632
<b>Total equity</b>		<u>64,023,564</u>	<u>73,025,751</u>	<u>78,233,021</u>
<b>Non-current liabilities</b>				
Borrowings	8.5.18	147,079	18,781	-
Deferred tax liability	8.5.20	253,000	1,733,000	2,226,000
		<u>400,079</u>	<u>1,751,781</u>	<u>2,226,000</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.2 Balance Sheets of Universal Cable (Sarawak) (contd.)

	Note	As at 31 December		
		2007 RM	2008 RM	2009 RM
<b>Current liabilities</b>				
Cash at bank	8.5.22	2,117,446	-	-
Borrowings	8.5.18	135,504	21,160,298	-
Trade and other payables	8.5.21	9,042,807	40,531,384	8,450,964
Tax payable		16,341	-	164,866
		11,312,098	61,691,682	8,615,830
<b>Total liabilities</b>		11,712,177	63,443,463	10,841,830
<b>TOTAL EQUITY AND LIABILITIES</b>				
		75,735,741	136,469,214	89,074,851

## 8.3 Statements of Changes in Equity of Universal Cable (Sarawak)

	Note	Share capital RM	Non-	Distributable	Total equity RM
			distributable Revaluation reserve RM	Revenue reserve RM	
<b>At 1 January 2007</b>		15,000,000	-	42,255,401	57,255,401
Profit for the year		-	-	11,315,774	11,315,774
Revaluation increase, net of deferred tax	8.5.16	-	452,389	-	452,389
Dividends	8.5.8	-	-	(5,000,000)	(5,000,000)
<b>At 31 December 2007</b>		15,000,000	452,389	48,571,175	64,023,564
Profit for the year		-	-	9,002,187	9,002,187
<b>At 31 December 2008</b>		15,000,000	452,389	57,573,362	73,025,751
Profit for the year		-	-	8,207,270	8,207,270
Dividends	8.5.8	-	-	(3,000,000)	(3,000,000)
<b>At 31 December 2009</b>		15,000,000	452,389	62,780,632	78,233,021



## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.4 Cash Flow Statements of Universal Cable (Sarawak)

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
<b>Cash flows from operating activities</b>			
Profit before tax	11,031,272	11,101,917	10,575,463
Adjustments for:			
Amortisation of prepaid land lease payments	54,463	66,215	63,643
Depreciation of property, plant and equipment	984,260	1,321,658	1,893,166
Interest expense	14,342	672,448	212,131
Inventories written off	-	4,331	29,801
Provision for doubtful debts	178,287	-	-
Write-down of inventories	-	481,034	-
Gain on disposal of property, plant and equipment	(50,566)	(4,769)	(151,679)
Gain on disposal of marketable securities	(3,337)	-	-
Interest income	(172,483)	(16,315)	(15,030)
Reversal of provision for doubtful debts	(513,818)	(224,070)	(136,604)
Unrealised gain on marketable securities	(27,051)	-	-
Operating profit before working capital changes	11,495,369	13,402,449	12,470,891
Decrease/(increase) in inventories	1,917,231	(11,981,590)	10,866,513
(Increase)/decrease in receivables	(4,538,334)	(42,326,207)	39,142,607
Increase in amount due from holding company	-	(710,241)	(345,219)
(Decrease)/increase in payables	(4,136,068)	31,488,577	(32,080,419)
Cash generated from/(used in) operations	4,738,198	(10,127,012)	30,054,373
Tax paid	(3,180,681)	(659,237)	(1,687,161)
Interest paid	(14,342)	(672,448)	(212,131)
Net cash generated from/ (used in) operating activities	1,543,175	(11,458,697)	28,155,081

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.4 Cash Flow Statements of Universal Cable (Sarawak) (contd.)

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
<b>Cash flows from investing activities</b>			
Proceeds from disposal of marketable securities	1,003,337	-	-
Purchase of property, plant and equipment	(6,334,059)	(9,396,090)	(3,458,212)
Proceeds from disposal of property, plant and equipment	50,566	5,062	383,776
Interest received	172,483	16,315	15,030
<b>Net cash used in investing activities</b>	<b>(5,107,673)</b>	<b>(9,374,713)</b>	<b>(3,059,406)</b>
<b>Cash flows from financing activities</b>			
Proceeds from/(repayment of) bankers' acceptances	-	21,032,000	(21,032,000)
Proceeds from hire purchase payables	318,000	-	-
Repayment of hire purchase payables	(112,056)	(135,504)	(147,080)
Dividends paid (Note 8.5.8)	(5,000,000)	-	(3,000,000)
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,794,056)</b>	<b>20,896,496</b>	<b>(24,179,080)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,358,554)</b>	<b>63,086</b>	<b>916,595</b>
Cash and cash equivalents at the beginning of the year	10,058,723	1,700,169	1,763,255
<b>Cash and cash equivalents at the end of the year (Note 8.5.22)</b>	<b>1,700,169</b>	<b>1,763,255</b>	<b>2,679,850</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)


**8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)**
**8.5 Notes to the Financial Statements of Universal Cable (Sarawak)**
**8.5.1 Significant accounting policies**

The accounting policies adopted by Universal Cable (Sarawak) are consistent with the accounting policies disclosed in Section 10 of this Report.

**8.5.2 Revenue**

Revenue consists of invoiced trading sales after allowance for goods returned and trade discounts, and contract fees from power and transmission related works invoiced.

**8.5.3 Other income**

	<b>FYE 31 December</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
	RM	RM	RM
Gain on disposal of marketable securities	3,337	-	-
Gain on disposal of property, plant and equipment	50,566	4,769	151,679
Gain on foreign exchange	15,756	40,985	-
Insurance claim	2,228	-	37,596
Interest income	172,483	16,315	15,030
Miscellaneous income	555,643	365,166	419,718
Reversal of provision for doubtful debts	513,818	224,070	136,604
	<u>1,313,831</u>	<u>651,305</u>	<u>760,627</u>
	=====	=====	=====

**8.5.4 Finance costs**

Interest expense:			
Hire purchase	14,342	9,780	2,538
Bankers' acceptances	-	662,668	209,593
	<u>14,342</u>	<u>672,448</u>	<u>212,131</u>
Bank commission	850	324	59
	<u>15,192</u>	<u>672,772</u>	<u>212,190</u>
	=====	=====	=====

## 12. ACCOUNTANTS' REPORT (CONT'D)


**8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)**
**8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)**
**8.5.5 Profit before tax**

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

	<b>FYE 31 December</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
	RM	RM	RM
Employee benefits expense (Note 8.5.6)	2,462,536	3,077,125	4,027,259
Auditors' remuneration			
- statutory audits	9,000	9,000	9,000
- other services	-	-	15,000
Amortisation of prepaid land lease payments (Note 8.5.10)	54,463	66,215	63,643
Depreciation of property, plant and equipment	984,260	1,321,658	1,893,166
Directors' fees	330,000	315,000	291,000
Directors' other emoluments	26,700	28,700	23,300
Inventories written off	-	4,331	29,801
Gain on disposal of property, plant and equipment	(50,566)	(4,769)	(151,679)
Provision for doubtful debts	178,287	-	-
Rental expense	41,600	33,080	39,024
Write-down of inventories	-	481,034	-
Unrealised gain on marketable securities	(27,051)	-	-
	=====	=====	=====

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.6 Employee benefits expense

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Salaries, wages and bonus	2,103,976	2,735,965	3,546,028
Contributions to defined contribution plan	333,564	310,981	406,404
Social security contributions	24,996	30,179	35,127
Other benefits	-	-	39,700
	<u>2,462,536</u>	<u>3,077,125</u>	<u>4,027,259</u>

Included in employee benefits expense of Universal Cable (Sarawak) are executive director's remuneration amounting to RM480,948 for FYE 31 December 2009.

## 8.5.7 Income tax expense

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Income tax:			
Based on results for the year	46,341	620,000	1,930,000
Under/(over) provision in prior years	1,104	(270)	(54,807)
	<u>47,445</u>	<u>619,730</u>	<u>1,875,193</u>
Deferred tax (Note 8.5.20):			
Relating to origination and reversal of temporary differences	316,641	1,255,051	493,299
Relating to changes in tax rates	8,244	(91,075)	(69,308)
(Over)/underprovision in prior years	(656,832)	316,024	69,009
	<u>(331,947)</u>	<u>1,480,000</u>	<u>493,000</u>
Total income tax expense	<u>(284,502)</u>	<u>2,099,730</u>	<u>2,368,193</u>

Current income tax is calculated at the statutory tax rate of 25% (31.12.2008: 26%; 31.12.2007: 27%) of the estimated assessable profit for the year.

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.7 Income tax expense (contd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>FYE 31 December</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
	RM	RM	RM
Profit before tax	11,031,272	11,101,917	10,575,463
Taxation at Malaysia statutory tax rate	2,978,443	2,886,498	2,643,866
Effect of changes in tax rates on opening balance of deferred tax	8,244	(21,075)	(69,308)
Deferred tax recognised at different tax rates	(3,456)	(70,000)	-
Income not subject to tax	-	(84)	-
Expenses not deductible for tax purposes	22,296	118,755	198,480
Reinvestment allowances claimed during the year	(1,976,640)	(1,130,118)	(419,047)
Deferred tax assets recognised on reinvestment allowance	(657,661)	-	-
(Over)/underprovision of deferred tax in prior years	(656,832)	316,024	69,009
Under/(over)provision of income tax in prior years	1,104	(270)	(54,807)
Income tax expense for the year	(284,502)	2,099,730	2,368,193

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK) (contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.8 Dividends

Date of payment	Type of dividend	Gross dividend rate	Tax rate	Net dividend RM
31 December 2007	Final for FYE 31 December 2006	45.7%	27%	5,000,000
23 October 2009	Interim for FYE 31 December 2009	20% tax-exempt	Nil	3,000,000
20 April 2010	Final for FYE 31 December 2009	20% tax-exempt	Nil	3,000,000

Universal Cable (Sarawak) had on 9 March 2010 declared a final dividend of 20 sen per Universal Cable (Sarawak) Share, tax-exempt for the FYE 31 December 2009 amounting to RM3 million. The final dividend was paid on 20 April 2010 from internally generated funds of Universal Cable (Sarawak).

## 8.5.9 Property, plant and equipment

## At 31 December 2009

	Cost or valuation RM	Accumulated depreciation RM	Net carrying amount RM
Buildings	21,381,014	1,329,658	20,051,356
Motor vehicles	1,235,691	545,387	690,304
Plant and machinery	21,213,830	8,233,506	12,980,324
Office equipment	526,130	283,834	242,296
Furniture and fittings	382,287	123,042	259,245
Renovation	154,906	13,367	141,539
Capital work-in-progress	10,059	-	10,059
	<u>44,903,917</u>	<u>10,528,794</u>	<u>34,375,123</u>
Buildings are represented:			
At cost	19,955,197		18,979,171
At valuation	1,425,817		1,072,185
	<u>21,381,014</u>		<u>20,051,356</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

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

## At 31 December 2008

	Cost or valuation RM	Accumulated depreciation RM	Net carrying amount RM
Buildings	21,159,311	935,954	20,223,357
Motor vehicles	1,224,697	503,062	721,635
Plant and machinery	20,517,146	9,123,094	11,394,052
Office equipment	535,637	268,075	267,562
Furniture and fittings	321,933	87,745	234,188
Renovation	154,906	9,193	145,713
Capital work-in-progress	55,667	-	55,667
	<u>43,969,297</u>	<u>10,927,123</u>	<u>33,042,174</u>

## Buildings are represented:

At cost	19,733,494		19,116,591
At valuation	1,425,817		1,106,766
	<u>21,159,311</u>		<u>20,223,357</u>

## At 31 December 2007

Buildings	11,919,132	655,178	11,263,954
Motor vehicles	933,197	415,061	518,136
Plant and machinery	16,309,530	8,298,410	8,011,120
Office equipment	312,935	225,673	87,262
Furniture and fittings	161,670	62,674	98,996
Renovation	154,906	4,556	150,350
Capital work-in-progress	4,838,217	-	4,838,217
	<u>34,629,587</u>	<u>9,661,552</u>	<u>24,968,035</u>
Buildings are represented:			
At cost	10,493,315		10,122,602
At valuation	1,425,817		1,141,352
	<u>11,919,132</u>		<u>11,263,954</u>



## 12. ACCOUNTANTS' REPORT (CONT'D)


**8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)**
**8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)**
**8.5.9 Property, plant and equipment (contd.)**

Certain buildings were revalued in 2007 by Messrs. CH Williams Talhar Wong & Yeo, an independent professional valuer. Fair value is determined based on the open market basis.

At 31 December 2009, had the revalued buildings of Universal Cable (Sarawak) been carried under the cost model, the carrying amount would have been RM497,905 (2008: RM513,966; 2007: RM530,027).

During the FYE 31 December 2009, Universal Cable (Sarawak) acquired property, plant and equipment at aggregate costs of RM3,458,212 (2008: RM9,396,090; 2007: RM22,810,989) of which Nil (2008: Nil; 2007: RM318,000) were acquired by means of hire purchase arrangements. Net carrying amount of property, plant and equipment held under hire purchase arrangements is Nil (2008: RM270,135; 2007: RM359,032).

**8.5.10 Prepaid land lease payments**

	As at 31 December		
	2007 RM	2008 RM	2009 RM
At 1 January	3,017,110	2,962,647	2,896,432
Amortisation for the year (Note 8.5.5)	(54,463)	(66,215)	(63,643)
At 31 December	<u>2,962,647</u>	<u>2,896,432</u>	<u>2,832,789</u>
Analysed as follows:			
Long-term leasehold land	1,943,802	1,908,460	1,873,119
Short-term leasehold land	1,018,845	987,972	959,670
At 31 December	<u>2,962,647</u>	<u>2,896,432</u>	<u>2,832,789</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.11 Inventories

	As at 31 December		
	2007	2008	2009
	RM	RM	RM
<b>Cost</b>			
Raw materials	4,251,351	6,908,474	4,549,477
Work-in-progress	4,065,944	3,795,273	4,556,641
Finished goods	8,521,828	13,022,147	8,212,501
Consumable stock	8,938	8,938	8,938
PVC accessories	157,603	-	-
	<u>17,005,664</u>	<u>23,734,832</u>	<u>17,327,557</u>
<b>Net realisable value</b>			
Finished goods	-	4,767,057	278,018
	<u>17,005,664</u>	<u>28,501,889</u>	<u>17,605,575</u>
	=====	=====	=====

## 8.5.12 Trade and other receivables

	As at 31 December		
	2007	2008	2009
	RM	RM	RM
<b>Trade receivables</b>			
Third parties	26,624,064	69,261,003	30,386,152
Less: Provision for doubtful debts	(859,433)	(634,558)	(497,954)
	<u>25,764,631</u>	<u>68,626,445</u>	<u>29,888,198</u>
<b>Other receivables</b>			
Deposits	761,834	690,354	44,773
Prepayments	182,180	211,931	366,413
Other receivables	273,135	3,327	226,670
	<u>1,217,149</u>	<u>905,612</u>	<u>637,856</u>
	<u>26,981,780</u>	<u>69,532,057</u>	<u>30,526,054</u>
	=====	=====	=====

Universal Cable (Sarawak)'s primary exposure to credit risk arises through its trade receivables. Universal Cable (Sarawak)'s trading terms with its customers are mainly on credit. The credit period is generally 90 days. Universal Cable (Sarawak) has significant exposure to certain debtors. However, Universal Cable (Sarawak) does not consider this to pose significant credit risk to them. Trade receivables are non-interest bearing.

Other information on financial risks of receivables is disclosed in Note 8.5.25.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK) (contd.)

### 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

#### 8.5.13 Amount due from holding company

The amount due from holding company is non-interest bearing and is repayable on demand. The amount is unsecured and is to be settled in cash.

#### 8.5.14 Fixed deposits

	As at 31 December		
	2007 RM	2008 RM	2009 RM
With licensed banks	3,500,000	-	2,650,000
	=====	=====	=====

Other information on financial risks of fixed deposits is disclosed in Note 8.5.25.

#### 8.5.15 Share capital

	As at 31 December		
	2007 RM	2008 RM	2009 RM
Issued and fully paid	15,000,000	15,000,000	15,000,000
	=====	=====	=====
Authorised	100,000,000	100,000,000	100,000,000
	=====	=====	=====

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 Universal Cable (Sarawak). All ordinary shares rank equally with regard to Universal Cable (Sarawak)'s residual assets.

#### 8.5.16 Revaluation reserve

The revaluation reserve represents surplus arising from the revaluation of property, plant and equipment.

#### 8.5.17 Revenue reserve

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

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.17 Revenue reserve (contd.)

Universal Cable (Sarawak) did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, Universal Cable (Sarawak) may utilise the credit in the Section 108 balance locked-in as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2009, 2008 and 2007, Universal Cable (Sarawak) has tax-exempt profits of approximately RM12,517,000 (2008: RM13,840,000; 2007: RM7,841,000) which is available for distribution subject to the agreement of the Inland Revenue Board.

As at 31 December 2009, 2008 and 2007, Universal Cable (Sarawak) has sufficient credit in the Section 108 balance to pay franked dividends out of its entire revenue reserve.

## 8.5.18 Borrowings

	As at 31 December		
	2007	2008	2009
	RM	RM	RM
<b>Short-term borrowings</b>			
Secured:			
Hire purchase payables (Note 8.5.19)	135,504	128,298	-
Unsecured:			
Bankers' acceptances	-	21,032,000	-
	135,504	21,160,298	-
<b>Long-term borrowings</b>			
Secured:			
Hire purchase payables (Note 8.5.19)	147,079	18,781	-
<b>Total borrowings</b>			
Bankers' acceptances	-	21,032,000	-
Hire purchase payables (Note 8.5.19)	282,583	147,079	-
	282,583	21,179,079	-

Other information on financial risks of borrowings is disclosed in Note 8.5.25.

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.19 Hire purchase payables

	As at 31 December		
	2007	2008	2009
	RM	RM	RM
<b>Future minimum lease payments:</b>			
Not later than 1 year	145,284	131,948	-
Later than 1 year and not later than 2 years	131,948	18,880	-
Later than 2 years and not later than 5 years	18,880	-	-
	<u>296,112</u>	<u>150,828</u>	<u>-</u>
Total future minimum lease payments	296,112	150,828	-
Less: Future finance charges	(13,529)	(3,749)	-
	<u>282,583</u>	<u>147,079</u>	<u>-</u>
Present value of hire purchase payables	<u>282,583</u>	<u>147,079</u>	<u>-</u>
<b>Analysis of present value of hire purchase payables:</b>			
Not later than 1 year	135,504	128,298	-
Later than 1 year and not later than 2 years	128,298	18,781	-
Later than 2 years and not later than 5 years	18,781	-	-
	<u>282,583</u>	<u>147,079</u>	<u>-</u>
Less: Amount due within 12 months	(135,504)	(128,298)	-
Amount due after 12 months	<u>147,079</u>	<u>18,781</u>	<u>-</u>

Other information on financial risks of borrowings is disclosed in Note 8.5.25.

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.20 Deferred tax liability

	As at 31 December		
	2007 RM	2008 RM	2009 RM
At 1 January	426,000	253,000	1,733,000
Recognised in income statement (Note 8.5.7)	(331,947)	1,480,000	493,000
Recognised in equity	158,947	-	-
At 31 December	<u>253,000</u>	<u>1,733,000</u>	<u>2,226,000</u>
Presented after appropriate offsetting as follows:			
Deferred tax liability	<u>253,000</u>	<u>1,733,000</u>	<u>2,226,000</u>

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

## Deferred tax liability

	Property, plant and equipment RM
At 1 January 2009	1,883,000
Recognised in income statement	468,000
At 31 December 2009	<u>2,351,000</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.20 Deferred tax liability (contd.)

	Property, plant and equipment RM
At 1 January 2008	1,192,000
Recognised in income statement	691,000
	<u>1,883,000</u>
At 31 December 2008	<u>1,883,000</u>
At 1 January 2007	426,000
Recognised in income statement	607,053
Recognised in equity	158,947
	<u>1,192,000</u>
At 31 December 2007	<u>1,192,000</u>

## Deferred tax assets

	Provision for doubtful debts RM	Unused reinvestment allowance RM	Others RM	Total RM
At 1 January 2009	(150,000)	-	-	(150,000)
Recognised in income statement	25,000	-	-	25,000
	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
At 31 December 2009	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
At 1 January 2008	(305,249)	(633,303)	(448)	(939,000)
Recognised in income statement	155,249	633,303	448	789,000
	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
At 31 December 2008	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
At 1 January 2007	-	-	-	-
Recognised in income statement	(305,249)	(633,303)	(448)	(939,000)
	<u>(305,249)</u>	<u>(633,303)</u>	<u>(448)</u>	<u>(939,000)</u>
At 31 December 2007	<u>(305,249)</u>	<u>(633,303)</u>	<u>(448)</u>	<u>(939,000)</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.21 Trade and other payables

	As at 31 December		
	2007 RM	2008 RM	2009 RM
<b>Trade payables</b>			
Third parties	6,427,126	33,465,190	6,202,840
<b>Other payables</b>			
Amount due to corporate shareholder	519,240	-	-
Accruals	520,614	4,935,999	649,080
Other payables	1,575,827	2,130,195	1,599,044
	<u>2,615,681</u>	<u>7,066,194</u>	<u>2,248,124</u>
	<u>9,042,807</u>	<u>40,531,384</u>	<u>8,450,964</u>

Trade payables are non-interest bearing and the normal trade credit terms granted to Universal Cable (Sarawak) range from 14 to 90 days.

Amount due to corporate shareholder was non-interest bearing and was repayable on demand. This amount was unsecured and was to be settled in cash.

Further details on related party transactions are disclosed in Note 8.5.24.

Other information on financial risks is disclosed in Note 8.5.25.

## 8.5.22 Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	As at 31 December		
	2007 RM	2008 RM	2009 RM
Fixed deposits (Note 8.5.14)	3,500,000	-	2,650,000
Cash and bank balances	317,615	1,763,255	29,850
Cash at bank	(2,117,446)	-	-
	<u>1,700,169</u>	<u>1,763,255</u>	<u>2,679,850</u>

## 8.5.23 Capital commitments

Capital expenditure:

Approved and contracted for	6,670,317	1,763,419	6,130,928
Approved but not contracted for	2,391,310	1,566,320	634,850
	<u>9,061,627</u>	<u>3,329,739</u>	<u>6,765,778</u>



## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.24 Related party disclosures

- (a) In addition to the transactions detailed elsewhere in the financial statements, Universal Cable (Sarawak) had the following transactions with a related party, namely SESCO, during the financial years:

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Corporate shareholder: Sale of products to SESCO	20,038,873	-	-
	=====	=====	=====

Information regarding outstanding balances arising from related party transactions as at balance sheet date is disclosed in Note 8.5.21.

## (b) Compensation of key management personnel

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

	FYE 31 December		
	2007 RM	2008 RM	2009 RM
Short-term employee benefits	1,101,415	952,650	1,144,139
Contributions to defined contribution plan	107,744	86,100	115,717
	=====	=====	=====
	1,209,159	1,038,750	1,259,856
	=====	=====	=====
Included in the total key management personnel are:			
Directors' remuneration	356,700	338,400	755,548
	=====	=====	=====

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK) (contd.)

### 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

#### 8.5.25 Financial instruments

##### (a) Financial risk management objectives and policies

Universal Cable (Sarawak)'s financial risk management policy seeks to ensure that adequate financial resources are available for the development of Universal Cable (Sarawak)'s businesses whilst managing its interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the years under review, Universal Cable (Sarawak)'s policy that no trading in derivative financial instruments shall be undertaken.

##### (b) Interest rate risk

Universal Cable (Sarawak)'s interest rate risk arises primarily from interest-bearing borrowings, as Universal Cable (Sarawak) had no substantial long-term interest-bearing assets as at 31 December 2009, 2008 and 2007. The investments in financial assets are short-term in nature and they are not held for speculative purposes.

The following table sets out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of Universal Cable (Sarawak)'s financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	Total RM
<b>At 31 December 2009</b>						
<b>Floating rate</b>						
Bankers' acceptances	8.5.18	-	-	-	-	-
Fixed deposits	8.5.14	1.66	2,650,000	-	-	2,650,000
<b>Fixed rate</b>						
Hire purchase payables	8.5.19	-	-	-	-	-
<b>At 31 December 2008</b>						
<b>Fixed rate</b>						
Hire purchase payables	8.5.19	2.35	(128,298)	(18,781)	-	(147,079)
<b>Floating rate</b>						
Bankers' acceptances	8.5.18	4.22	(21,032,000)	-	-	(21,032,000)
Fixed deposits	8.5.14	-	-	-	-	-

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK) (contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.25 Financial instruments (contd.)

## (b) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	Total RM
<b>At 31 December 2007</b>						
<b>Fixed rate</b>						
Hire purchase payables	8.5.19	2.35	(135,504)	(128,298)	(18,781)	(282,583)
<b>Floating rate</b>						
Fixed deposits	8.5.14	3.30	3,500,000	-	-	3,500,000

Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of Universal Cable (Sarawak) that are not included in the above are not subject to interest rate risk.

## (c) Liquidity risk

Universal Cable (Sarawak) manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, Universal Cable (Sarawak) maintains sufficient levels of cash or cash convertible investments to meet its working capital requirement.

## (d) Credit risk

Universal Cable (Sarawak)'s credit risk is primarily attributable to trade receivables. Universal Cable (Sarawak) trades only with recognised and creditworthy third parties. It is Universal Cable (Sarawak)'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 and Universal Cable (Sarawak)'s exposure to bad debts is not significant. Since Universal Cable (Sarawak) trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of Universal Cable (Sarawak)'s other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Universal Cable (Sarawak) has significant exposure to certain customers or counterparties. However, this does not pose significant credit risk to Universal Cable (Sarawak).

## (e) Fair value

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

## 12. ACCOUNTANTS' REPORT (CONT'D)

8.0 AUDITED FINANCIAL STATEMENTS OF UNIVERSAL CABLE (SARAWAK)  
(contd.)

## 8.5 Notes to the Financial Statements of Universal Cable (Sarawak) (contd.)

## 8.5.26 Comparative figures

## (a) Reclassification of Income Statements

The reclassifications of income statements of Universal Cable (Sarawak) were made to reflect more appropriately the nature of the items and to ensure consistency of presentation throughout the financial years under review. The reconciliations of the audited financial statements to that presented in this report are set out below:

	FYE 31 December 2007 RM
<b>(i) Selling and distribution expenses</b>	
As stated in audited financial statements	(1,423,107)
Reclassified to:	
- Other expenses	2,629
As restated	<u>(1,420,478)</u>
<b>(ii) Administrative expenses</b>	
As stated in audited financial statements	(1,703,255)
Reclassified from:	
- Other expenses	(4,452)
As restated	<u>(1,707,707)</u>
<b>(iii) Other expenses</b>	
As stated in audited financial statements	(182,739)
Reclassified (from)/to:	
- Selling and distribution expenses	(2,629)
- Administrative expenses	4,452
As restated	<u>(180,916)</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 9.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK POWER

The following financial information of Sarawak Power is extracted from the audited financial statements of Sarawak Power for the FPE 31 December 2009.

## 9.1 Income Statement of Sarawak Power

	Note	FPE 31 December 2009 RM
Revenue		-
Administrative expenses		(10,274)
<b>Loss before tax</b>	9.5.2	(10,274)
Income tax expense	9.5.3	-
<b>Loss for the period</b>		<u>(10,274)</u>

## 9.2 Balance Sheet of Sarawak Power

	Note	As at 31 December 2009 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9.5.4	254,684
<b>Current assets</b>		
Cash and bank balances		499,999
<b>TOTAL ASSETS</b>		<u>754,683</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 9.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK POWER (contd.)

## 9.2 Balance Sheet of Sarawak Power (contd.)

	Note	As at 31 December 2009 RM
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	9.5.5	500,000
Accumulated losses		(10,274)
<b>Total equity</b>		<u>489,726</u>
<b>Current liabilities</b>		
Other payables and accruals		255,284
Amount due to holding company	9.5.6	9,673
<b>Total liabilities</b>		<u>264,957</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>754,683</u></u>

## 9.3 Statement of Changes in Equity of Sarawak Power

	Note	Share capital RM	Accumulated losses RM	Total equity RM
At 22 October 2009 (date of incorporation)		500,000	-	500,000
Loss for the period		-	(10,274)	(10,274)
<b>At 31 December 2009</b>		<u>500,000</u>	<u>(10,274)</u>	<u>489,726</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 9.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK POWER (contd.)

## 9.4 Cash Flow Statement of Sarawak Power

**FPE 31 December**  
**2009**  
RM

**Cash flows from operating activities**

Loss before tax	(10,274)
Adjustments for:	
Formation expenses written off	5,750
	(4,524)
Operating loss before working capital changes	
Increase in payables	255,284
Increase in amount due to holding company	9,673
	260,433
Cash generated from operations	
Payment of formation expenses	(5,750)
	254,683
Net cash generated from operating activities	

**Cash flows from investing activity**

Purchase of property, plant and equipment	(254,684)
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**Cash flows from financing activity**

Proceeds from issuance of shares	500,000
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**Cash and bank balances at the end of the period**

499,999

**Represented by:**

Bank balances	499,999
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## 12. ACCOUNTANTS' REPORT (CONT'D)



## 9.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK POWER (contd.)

## 9.5 Notes to the Financial Statements of Sarawak Power

## 9.5.1 Significant accounting policies

The accounting policies adopted by Sarawak Power are consistent with the accounting policies disclosed in Section 10 of this Report.

## 9.5.2 Loss before tax

The following amounts have been included in arriving at loss before tax:

	<b>FPE 31 December 2009 RM</b>
Auditors' remuneration	600
Formation expenses written of	5,750
	=====

## 9.5.3 Income tax expense

No provision for taxation is necessary as Sarawak Power incurred losses in the FPE 31 December 2009.

## 9.5.4 Property, plant and equipment

At 31 December 2009

	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net carrying amount RM</b>
Plant and machinery	254,684	-	254,684
	=====	=====	=====

## 9.5.5 Share capital

	<b>Number of ordinary shares</b>	<b>Par value RM</b>	<b>Amount RM</b>
<b>Issued and fully paid</b>			
At date of incorporation and 31 December 2009	500,000	1.00	500,000
	=====		=====
<b>Authorised</b>			
At date of incorporation and 31 December 2009	1,000,000	1.00	1,000,000
	=====		=====



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12. ACCOUNTANTS' REPORT (CONT'D)

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**9.0 AUDITED FINANCIAL STATEMENTS OF SARAWAK POWER (contd.)**

**9.5 Notes to the Financial Statements of Sarawak Power (contd.)**

**9.5.6 Amount due to holding company**

Sarawak Power is a subsidiary of Sarawak Cable and is also regarded by the directors of Sarawak Power as the ultimate holding company. The amount due to holding company is unsecured, interest free and has no fixed terms of repayment.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****10.1 Basis of preparation**

The financial statements comply with the provisions of the Companies Act, 1965 and FRS in Malaysia.

The financial statements of the Group have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Group.

**10.2 Subsidiaries and basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In Sarawak Cable's separate financial statements, investments in subsidiaries are stated 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.

**(ii) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Sarawak Cable and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as Sarawak Cable.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date exchanges, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingents liabilities over the cost of acquisition is recognised immediately in profit or loss.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)****10.2 Subsidiaries and basis of consolidation (contd.)****(ii) Basis of consolidation (contd.)**

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

For the acquisition of Universal Cable (Sarawak) in the financial year ended 31 December 2008, it has been accounted for using reverse acquisition accounting in accordance with FRS 3: Business Combinations, and applies only in the consolidated financial statements. For financial reporting purposes, Universal Cable (Sarawak) (the legal subsidiary) is the acquirer and the Company (the legal parent) is the acquiree. The consolidated financial statements prepared following the reverse acquisition are issued under the name of the Company, but they are a continuation of the financial statements of Universal Cable (Sarawak). Accordingly, in the consolidated financial statements, the assets and liabilities of Universal Cable (Sarawak) have been recognised and measured at their pre-combination carrying amounts, the revenue reserve and other equity balances recognised are the revenue reserve and other equity balances of Universal Cable (Sarawak) immediately before the business combination, the consolidated income statement for the year ended 31 December 2008 includes the results of Universal Cable (Sarawak) for the year ended 31 December 2008 and of the Company from the date of the reverse acquisition. The amount recognised as share capital in the consolidated financial statements is determined by adding the cost of the acquisition deemed to have been incurred by Universal Cable (Sarawak) in the reverse acquisition of the Company to the share capital of Universal Cable (Sarawak) immediately before the business combination. Under reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by Universal Cable (Sarawak) in the form of equity instruments issued to the shareholders of the Company.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

## 10.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to revenue reserve.

Buildings are depreciated over the remaining lease of the land. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives, at the following annual rates:

Motor vehicles	20%
Plant and machinery	5 - 20%
Office equipment	15 - 20%
Furniture and fittings	15%
Renovation	3%

Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to revenue reserve.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)****10.4 Impairment of non-financial assets**

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is allocated to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

**10.5 Inventories and contract work-in-progress**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined principally by the weighted average method. The cost of raw materials comprises costs of purchase. Finished goods and work-in-progress include cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads. Contract work-in-progress is stated at cost, less losses as applicable.

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

**10.6 Financial instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

## 12. ACCOUNTANTS' REPORT (CONT'D)

**10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)****10.6 Financial instruments (contd.)****(i) Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents include cash on hand and at bank, deposit at call and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(ii) Trade receivables**

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(iii) Trade payables**

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

**(iv) Interest bearing borrowings**

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

**(v) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**10.7 Leases****(i) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating lease.

**(ii) Finance leases - the Group as lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)****10.7 Leases (contd.)****(ii) Finance leases - the Group as lessee (contd.)**

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

**(iii) Operating leases - the Group as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

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

**10.8 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**10.9 Income tax**

Income tax on the profit or loss for the period/year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)****10.9 Income tax (contd.)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

**10.10 Employee benefits****(i) Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

**(ii) Defined contributions plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

**10.11 Foreign currencies**

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

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



12. ACCOUNTANTS' REPORT (CONT'D)



10.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

10.11 Foreign currencies (contd.)

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.

10.12 Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. 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.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

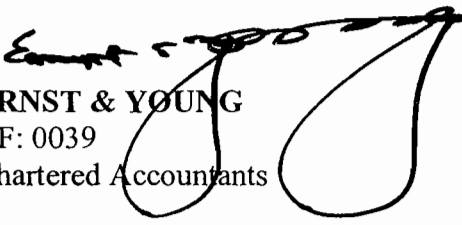
11.0 AUDITED FINANCIAL STATEMENTS


No audited financial statements have been prepared in respect of any period subsequent to 31 December 2009 for the Sarawak Cable Group.

12.0 SUBSEQUENT EVENT

During FYE 31 December 2009, Sarawak Cable applied for and, subsequent to year end, received approval for the listing and quotation of its enlarged issued and paid up share capital on the Main Market of Bursa Securities.

Yours faithfully,

  
ERNST & YOUNG  
AF: 0039  
Chartered Accountants

  
YONG VOON KAR  
1769/04/12 (J/PH)  
Chartered Accountant

12. ACCOUNTANTS' REPORT (CONT'D)



**Ernst & Young**

AF : 0039  
3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233  
Fax: +6082 421 287  
www.ey.com

Company No: 456400-V

**Report of the Auditors to the Members of  
UCS Holdings Sdn. Bhd.  
(Incorporated in Malaysia)**

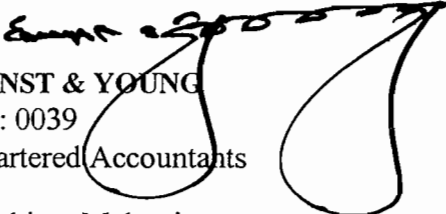
We have audited the financial statements set out on pages 6 to 14. These financial statements are the responsibility of the Company's directors.


It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Company as at 31 December 2007 and of the results and the cash flows of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

  
ERNST & YOUNG  
AF: 0039  
Chartered Accountants

  
YONG VOON KAR  
1769/04/10 (J/PH)  
Partner

Kuching, Malaysia.  
Date: 31 MAR 2008

12. ACCOUNTANTS' REPORT (CONT'D)



Company No: 456400-V

**Independent Auditors' Report to the Members of  
Sarawak Cable Sdn. Bhd.  
(Incorporated in Malaysia)**

**Ernst & Young**

AF : 0039  
3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233  
Fax: +6082 421 287  
www.ey.com

**Report on the financial statements**

We have audited the financial statements of **Sarawak Cable Sdn. Bhd.**, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 44.

***Directors' responsibility for the financial statements***

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' responsibility***

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)



Company No: 456400-V

Ernst & Young

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching

Jalan Tunku Abdul Rahman

93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

**Independent Auditors' Report to the Members of Sarawak Cable Sdn. Bhd. (contd.)**

**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

**Report on other legal and regulatory requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts of the subsidiary were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**Other matters**

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

ERNST & YOUNG  
AF: 0039  
Chartered Accountants

YONG VOON KAR  
1769/04/10 (J/PH)  
Chartered Accountant

Kuching, Malaysia  
Date: 27 APR 2009

12. ACCOUNTANTS' REPORT (CONT'D)



**Ernst & Young**

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

Company No: 456400-V

**Independent Auditors' Report to the Members of  
Sarawak Cable Berhad  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of **Sarawak Cable Berhad**, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 49.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)



**ERNST & YOUNG**

Company No: 456400-V

**Independent Auditors' Report to the Members of Sarawak Cable Berhad (contd.)**

**Ernst & Young**

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching

Jalan Tunku Abdul Rahman

93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards 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 2009 and of their financial performance and cash flows for the year then ended.

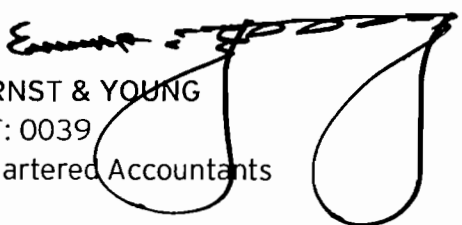
**Report on other legal and regulatory requirements**

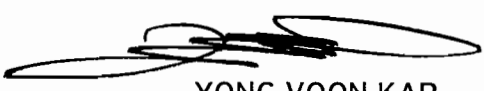
In accordance with the requirements of the Companies Act 1965, in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 14 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other matters**

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

  
ERNST & YOUNG  
AF: 0039  
Chartered Accountants

  
YONG VOON KAR  
1769/04/10 (J/PH)  
Chartered Accountant

Kuching, Malaysia  
Date: 10 MAR 2010

## 12. ACCOUNTANTS' REPORT (CONT'D)

**Ernst & Young**

AF : 0039  
 3rd Floor, Wisma Bukit Mata Kuching  
 Jalan Tunku Abdul Rahman  
 93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233  
 Fax: +6082 421 287  
 www.ey.com

Company No: 60048-A

**Report of the Auditors to the Members of  
 Universal Cable (Sarawak) Sdn. Bhd.  
 (Incorporated in Malaysia)**

We have audited the financial statements set out on pages 7 to 38. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

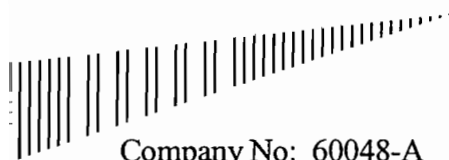
- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
- (i) the financial position of the Company as at 31 December 2007 and of the results and the cash flows of the Company for the year then ended; and
- (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG  
 AF: 0039  
 Chartered Accountants

YONG VOON KAR  
 1769/04/10 (J/PH)  
 Partner

Kuching, Malaysia.  
 Date: 02 APR 2008

12. ACCOUNTANTS' REPORT (CONT'D)



Company No: 60048-A

**Ernst & Young**

AF : 0039  
3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233  
Fax: +6082 421 287  
www.ey.com

**Independent Auditors' Report to the Member of  
Universal Cable (Sarawak) Sdn. Bhd.  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of **Universal Cable (Sarawak) Sdn. Bhd.**, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 39.

***Directors' responsibility for the financial statements***

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' responsibility***

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

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

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



12. ACCOUNTANTS' REPORT (CONT'D)



**Ernst & Young**

AF: 0039  
3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia  
Tel: +6082 243 233  
Fax: +6082 421 287  
www.ey.com

Company No: 60048-A

**Independent Auditors' Report to the Member of  
Universal Cable (Sarawak) Sdn. Bhd. (contd.)**

***Opinion***

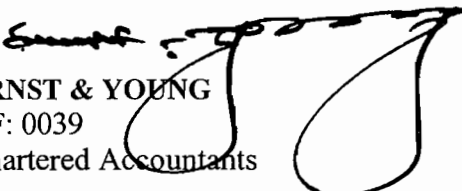
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of its financial performance and cash flows for the year then ended.


**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other matters**

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

  
ERNST & YOUNG  
AF: 0039  
Chartered Accountants

  
YONG VOON KAR  
1769/04/10(J/PH)  
Chartered Accountant

Kuching, Malaysia  
Date: 10 APR 2009

12. ACCOUNTANTS' REPORT (CONT'D)



Company No: 60048-A

**Independent Auditors' Report to the Member of  
Universal Cable (Sarawak) Sdn. Bhd.  
(Incorporated in Malaysia)**

**Ernst & Young**

AF : 0039

3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233

Fax: +6082 421 287

www.ey.com

**Report on the financial statements**

We have audited the financial statements of **Universal Cable (Sarawak) Sdn. Bhd.**, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 38.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)



**Ernst & Young**

AF : 0039  
3rd Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak, Malaysia

Tel: +6082 243 233  
Fax: +6082 421 287  
www.ey.com

Company No: 60048-A

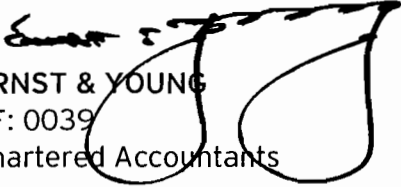
**Independent Auditors' Report to the Member of  
Universal Cable (Sarawak) Sdn. Bhd. (contd.)**


*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the year then ended.

**Other matters**

This report is made solely to the member of the Company, as a body 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  
1769/04/10(J/PH)  
Chartered Accountant

Kuching, Malaysia.  
Date: 09 MAR 2010

12. ACCOUNTANTS' REPORT (CONT'D)

Company No. 876236 - U

**YONG & OH** (AF 1021)  
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SARAWAK POWER SOLUTIONS SDN. BHD.**  
(Incorporated in Malaysia)

D29-2 & D30-2, 1<sup>st</sup> Floor, Block D, Yoshi Square,  
Lot 67, Section 66, KTL D, Jalan Pelabuhan,  
93450 Kuching, Sarawak.

Tel: 082-336001 Fax: 082-482001  
E-mail: yco@tm.net.my

**Report on the Financial Statements**

We have audited the financial statements of **SARAWAK POWER SOLUTIONS SDN. BHD.**, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 16.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the period then ended.

12. ACCOUNTANTS' REPORT (CONT'D)

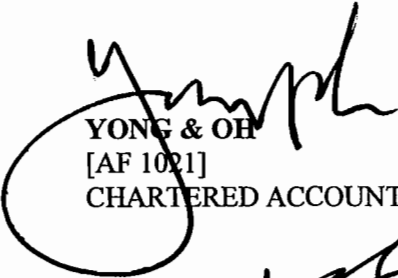
Company No. 876236 - U

**Report on Other Legal and Regulatory Requirements**


In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

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



YONG & OH  
[AF 1021]  
CHARTERED ACCOUNTANTS



OH KIM LEONG  
[1702/10/11(J)]  
CHARTERED ACCOUNTANTS

Date : 8 March 2010

KUCHING

13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT

*(Prepared for inclusion in this Prospectus)*



**VITAL FACTOR CONSULTING**  
Creating Winning Business Solutions

**Vital Factor Consulting Sdn Bhd**  
(Company No.: 266797-T)  
75C & 77C Jalan SS22/19  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 7728-0248  
Fax: (603) 7728-7248  
Email: enquiries@vitalfactor.com  
Website: www.vitalfactor.com

23 APR 2010

The Board of Directors  
Sarawak Cable Berhad  
Lot 767, Block 8  
Muara Tebas Land District  
Demak Laut Industrial Estate Phase III  
Jalan Bako  
93050 Kuching  
Sarawak

Dear Sirs

**Independent Assessment of the Power Cables and Wires Industry**

The following is a summary of the **Independent Assessment of the Power Cables and Wires Industry** in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of Sarawak Cable Berhad (herein together with all its subsidiaries will be referred as "Sarawak Cable Group" or "the Group") in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

**1. BACKGROUND**

- The core business activity of Sarawak Cable Group is in the manufacturing of power cables and wires.
- The secondary business activities of the Group include:
  - Trading of power cables and wires
  - Supply, installation and commissioning of power cables.
- For the financial year ended 31 December 2009, Sarawak Cable Group's total revenue amounted to RM89.8 million.

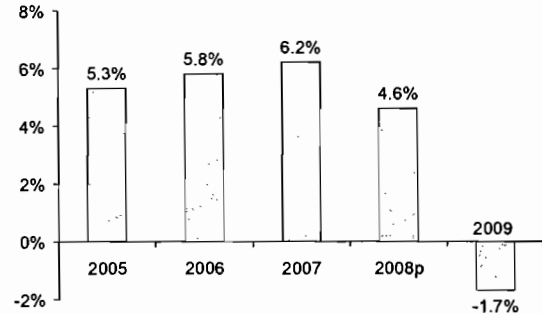
## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



**VITAL FACTOR CONSULTING**  
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## 2. ECONOMIC PERFORMANCE OF MALAYSIA

- Malaysia's real Gross Domestic Product (GDP) has been growing every year from 2005 to 2008. The Malaysian economy registered a growth of 4.6% in 2008, amidst the international financial turmoil and sharp deterioration in the global economic environment. Robust domestic demand, in particular sustained private consumption and strong public spending, supported the growth during the year.

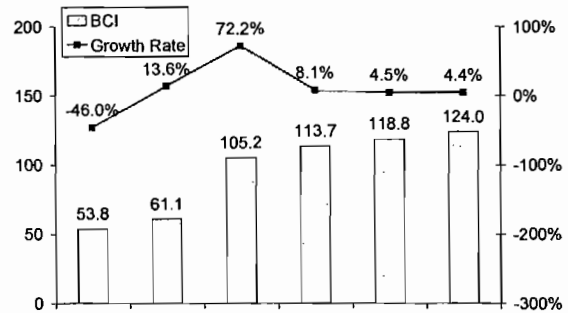


Source: Bank Negara Malaysia

Figure 1. Real GDP Growth

- While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major corrections in commodity prices in the second half of the year led to a contraction in Malaysia's export performance.
- As for 2009, Malaysia's real GDP for the first quarter contracted by 6.2% compared to the same period in the previous year. However, the implementation of fiscal stimulus measures by the Malaysian Government led to the subsequent recovery in the last quarter of 2009. Overall, Malaysia's real GDP for 2009 contracted moderately by 1.7%. (Source: Bank Negara Malaysia)

- During the fourth quarter of 2008, the BCI declined by 46.0% or 45.8 points to settle lower at 53.8 points, which was substantially below the 100-point threshold, an indication of the contraction in manufacturing activities.



Source: Business Conditions Survey Report – Various Issues, Malaysian Institute of Economic Research (MIER)

Figure 2. Business Conditions Index

- In the first quarter of 2009, the BCI gained 13.6% to reach 61.1 points. The growth can be attributed to a number of reasons, including the RM60 billion stimulus package announced in March 2009. Apart from that, the BCI remained substantially below its 100-point threshold, indicating that manufacturing activities in Malaysia are still in a state of contraction, albeit at a slower rate.
- During the second quarter of 2009, the BCI registered a strong growth of 72.2% to reach 105.2 points. The surge suggested a significant improvement in the overall business conditions in Malaysia.

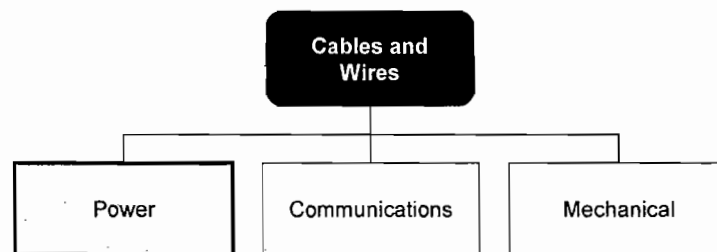
## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

**VITAL FACTOR CONSULTING**

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- By the third quarter of 2009, the BCI continued to grow by 8.1% to reach 113.7 points, indicating an expansionary mode in the manufacturing sector. Domestic demand for Malaysia's manufactured goods has started to recover whilst external demand has also seen improvement albeit at a slower pace.
- The BCI continued to grow by 4.5% to reach 118.8 points by the fourth quarter of 2009. The manufacturing sector continued to improve with expected increases in export sales and local sales.
- During the first quarter of 2010, the BCI grew by 4.4% to reach 124.0 points. The growth is mainly due to higher domestic order coupled with expected increases in production and export sales.

*(Source: Business Conditions Survey Report – Various Issues, Malaysian Institute of Economic Research)*

**3. OVERALL INDUSTRY STRUCTURE****3.1 Types of Cables and Wires**

**Figure 3. Cables and Wires Industry**

- Cables and Wires can be segmented into three different categories as follows:
  - Power cables and wires;
  - Communications cables; and
  - Mechanical cables.
- Power cables and wires are electrical conductors designed to carry electric current from one point to the next.
- Communications cables are special cables designed to carry voice and data including sound, still pictures and moving pictures. In some situations, through the use of special devices, power cables and wires can also be used for communications for the transmission of voice and data. This type of technology is known as powerline communications.
- Mechanical cables are strong lengths of material, made from steel wires, hemp or other materials for the purpose of lifting, pulling, anchoring, binding or controlling mechanical devices.



## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

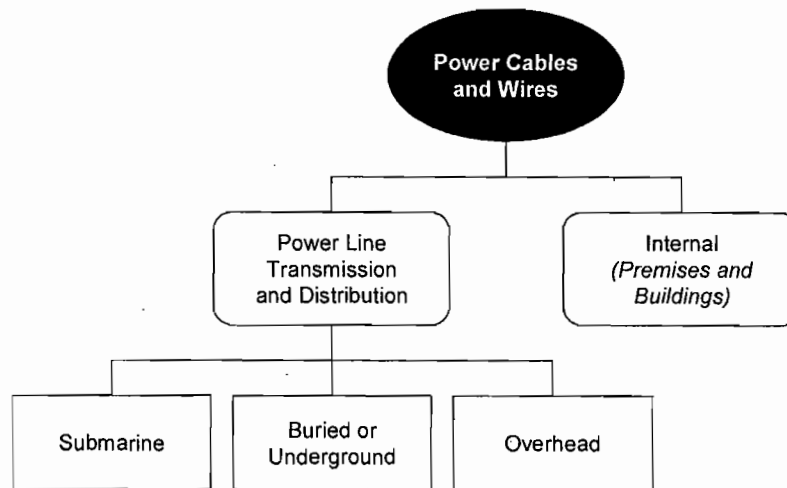
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- Sarawak Cable Group's core business is in the manufacture of power cables and wires for the transmission of electricity. Thus, the focus of this industry assessment will be on power cables and wires.

**3.2 Applications of Power Cables and Wires**

- Power cables and wires are also categorised based on their applications and this is as depicted in the figure below:

**Figure 4. Applications of Power Cables and Wires**

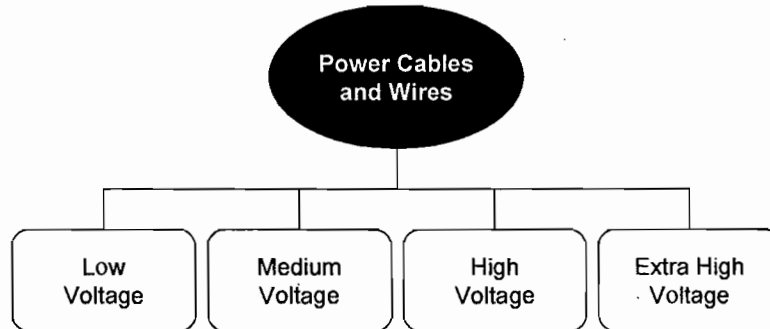
- Different applications of power cables and wires would require different specifications, especially for power line transmission and distribution. This is mainly due to the level of harshness of the environment in which the power line will traverse. The main difference will be the type of protection or protective jacket for transmission and distribution power cables.
- Internal cables and wires are used within premises and buildings, which are then connected to the distribution grid. These power cables and wires used within the premises and buildings are subjected to a less harsh environment and generally used for low voltage transmission.
- Sarawak Cable Group manufactures underground and overhead transmission and distribution power cables, as well as power cables and wires for use inside premises and buildings.



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### 3.3 Categories of Power Cables and Wires

- Power cables and wires can be categorised based on their rated capacity to carry current measured in voltage as depicted in the following diagram:



**Figure 5. Voltage Level Categories of Power Cables and Wires**

- The quantitative measurement and range of the various voltage levels of electric power transmission for cables and wires are as follows:

CATEGORIES	RANGE	APPLICATIONS
Low Voltage (LV)	Up to 1 kV	Connection between residential or small commercial buildings
Medium Voltage (MV)	From 1kV to 35 kV	Powerline distribution
High Voltage (HV)	From 35kV to 230 kV	Powerline sub-transmission and transmission
Extra High Voltage (EHV)	Greater than 230 kV	For long distance powerlines and very high power line transmission

*kV = Kilovolt*

*Source: International Electrotechnical Commission (IEC)*

**Figure 6. Voltage Levels of Electric Power Transmission for Power Cables and Wires**

- This categorisation is important as different voltage levels of electric power transmission for power cables and wires require different expertise and machinery to manufacture.

## 4. SUBSTITUTE PRODUCTS

- In general, there are currently no practicable substitutes for power cables and wires. Within the various types of power cables and wires, there are also no practicable substitutes as each type of power cable and wire is designed for different uses.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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**5. GOVERNMENT REGULATIONS, POLICIES AND INCENTIVES****5.1 Government Regulations****Manufacturing Licence**

- Application for a manufacturing licence under the Industrial Co-ordination Act, 1975 is mandatory for companies with shareholders' funds of RM2.5 million or above, or engaging 75 or more full-time employees (*Source: Malaysian Industrial Development Authority*).
- Universal Cable (Sarawak) Sdn Bhd (Universal Cable (Sarawak)), a wholly owned subsidiary within the Sarawak Cable Group, has obtained the following licences from the Ministry of International Trade and Industry of Malaysia (MITI) for its manufacturing operations, namely:
  - Manufacture of bare copper wire, bare aluminium wire, bare stranded copper wire, bare stranded aluminium wire, plastic insulated copper and aluminium cables, plastic insulated armoured power cables, building wires and cables, flexible cord and appliance wire, vehicle wire, television feeder wire, plastic insulated telephone cables and aluminium conductor steel reinforced which was issued on 20 February 1991<sup>(1)</sup>; and
  - Manufacture of aluminium conductor steel reinforced conductors, Cross Linked Polyethylene (XLPE) cables up to 33kV, all aluminium alloy conductors/all aluminium conductors and aerial cables up to 33kV which was obtained on 1 November 2000<sup>(1)</sup>.

*Note:*

- (1) *The manufacturing licences were subsequently reissued by MITI to Universal Cable (Sarawak) on 7 April 2010 to reflect the change in the address of the manufacturing facility.*

**Registration with Construction Industry Development Board (CIDB)**

- With effect from 20 July 1995, it is mandatory under Act 520 for all builders, contractors and sub-contractors, whether local or foreign, to register with the CIDB and comply with the provisions of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, before undertaking or executing any construction work in Malaysia.
- Operators who are involved in undertaking power cable installation and electrical wiring works, which are classified under Mechanical and Electrical must be registered with CIDB.
- The Certification of Registration issued by the CIDB is valid for a minimum period of 1 year and a maximum term not exceeding 3 years, subject to renewal upon expiry unless cancelled, suspended or revoked earlier by the CIDB.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)


**VITAL FACTOR CONSULTING**  
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- There are three categories of registration with CIDB and these are as follows:
  - Civil Engineering Construction;
  - Building Construction;
  - Mechanical and Electrical.
- The scope of registration is further classified into 7 grades and are differentiated by their respective tender capacities:

Grade	Tender Capacity (RM)
G1	Not exceeding 100,000
G2	Not exceeding 500,000
G3	Not exceeding 1 million
G4	Not exceeding 3 million
G5	Not exceeding 5 million
G6	Not exceeding 10 million
G7	No limit

(Source: CIDB)

**Figure 7. CIDB Grade Classification**

- Universal Cable (Sarawak), a wholly owned subsidiary within the Sarawak Cable Group, is registered with CIDB under Grade 7 in the Mechanical and Electrical category. The current registration is valid from 9 November 2009 until 8 November 2012.

#### Product Certification Licence

- According to the Energy Commission of Malaysia, manufacturers who are involved in the manufacturing of 'cables and wires (non-armoured) for electrical power and supply' are required to apply for the certification of approval. (Source: *Energy Commission of Malaysia*)
- Sarawak Cable Group has obtained the following product certification licences:
  - Product certification licence MS 136:1995 for 'PVC Insulated Cables (non-armoured) for Electricity Power and Lighting' from SIRIM QAS International Sdn Bhd, which was issued on 3 February 2010 and is valid until 25 February 2011.
  - Product certification licence MS 274:1995 for 'PVC Insulated Cables for Electricity Supply' from SIRIM QAS International Sdn Bhd, which was issued on 3 September 2009 and is valid until 29 August 2010.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

**VITAL FACTOR CONSULTING**

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**5.2 Government Incentives**

- Sarawak Cable Group is eligible for Reinvestment Allowance benefits.

**Reinvestment Allowance**

- All manufacturing companies that have been in operation for at least 36 months and incur qualifying capital expenditure to expand production capacity, modernise and upgrade production facilities, diversify into related products, and automate its production facilities can obtain a Reinvestment Allowance.
- In general, eligible manufacturers for Reinvestment Allowance are entitled to the following:
  - The Reinvestment Allowance is 60% of qualifying capital expenditure incurred by the company, and can be offset against 70% of its statutory income for the year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
  - A company that undertakes reinvestment projects in promoted areas including Perlis, Sabah, Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia can offset the Reinvestment Allowance against 100% of its statutory income for the year of assessment.
  - The Reinvestment Allowance will be given for a period of 15 consecutive years beginning from the year the first reinvestment is made. Companies can only claim upon completion of the qualifying project, for example after the building is completed or when the plant/machinery is put to operational use. Assets acquired for the reinvestment cannot be disposed during five years from the time of reinvestment.
  - Companies that intend to reinvest before the expiry of its tax relief period, can surrender their Pioneer Status or Pioneer Certificate for purpose of cancellation and be eligible for Reinvestment Allowance.

*(Source: Malaysian Industrial Development Authority)*

- The Group currently enjoys the benefits of Reinvestment Allowance incentive. The period of claim for the Reinvestment Allowance is from 1997 up to 2011.

**5.3 Environmental Regulations**

- As part of the process of manufacturing power cables and wires, Sarawak Cable Group creates bulk waste and used lubricants.
- Bulk wastes created are mainly metal and PVC scraps, which have monetary value and are recycled.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- Used lubricants falls under 'spent lubricating oil' of wastes containing principally organic constituents which may contain metals and inorganic materials under the Environmental Quality Act 1974 and the Environmental Quality (Schedule Waste) Regulations 2005.
- Sarawak Cable Group has engaged the services of Trienekens (Sarawak) Sdn Bhd, an approved waste collector to collect the used lubricants for disposal.

**6. SUPPLY****6.1 Local Production**

- According to the Department of Statistics, the manufacture of electric power cables and wires can be segmented as follows:
  - Wire electric (including aluminium cables);
  - Armoured cables.
- Sarawak Cable Group manufactures both the above types of power cables and wires.
- Between 2005 and 2009, the sales value of the manufacture of electric power cables and wires increased at an average annual rate of 11.5%. In 2009, the sales value of manufacture of electric power cables and wires decreased by 25.1% to RM1.4 billion.
- Between 2005 and 2009, the sales value of the manufacture of wire electric (including aluminium cables) (a sub-sector of electric power cables and wires) increased at an average annual rate of 10.3%. However, in 2009, the sales value of the manufacture of wire electric decreased by 40.8% to RM753.4 million.
- Between 2005 and 2009, the sales value of the manufacture of armoured cables (a sub-sector of electric power cables and wires) decreased at an average annual rate of 2.6%. In 2009, the sales value of manufacture of armoured cables declined by 37.4% to RM346.0 million.

*(Source: Department of Statistics)*

**6.2 Imports**

- Between 2005 and 2009, the import value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000Volts (V), decreased at an average annual rate of 11.7%. In 2009, the import value of these types of power cables and wires declined by 30.6% to RM118.4 million.
- Between 2005 and 2009, the import value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage exceeding 1,000V increased at an average annual rate of 54.7%. In 2009, the import value of these types of power cables and wires decreased by 36.7% to RM72.6 million.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

**VITAL FACTOR CONSULTING**

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- Between 2005 and 2009, the import value of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated decreased at an average annual rate of 15.8%. In 2009, the import value of these types of power cables and wires increased by 46.3% to reach RM8.9 million.
- Between 2005 and 2009, the import value of stranded wire, cables, plaited bands and the like, not electrically insulated, of unalloyed aluminium (a sub-sector of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated) decreased at an average annual rate of 2.2%. In 2009, the import value of these types of power cables and wires increased by 60.8% to reach RM6.8 million.
- Between 2005 and 2009, the import value of stranded wire, cables, plaited bands and the like, not electrically insulated, of aluminium alloy (a sub-sector of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated) decreased at an average annual rate of 14.0%. In 2009, the import value of these types of power cables and wires increased by 74.6% to RM1.6 million.

*(Source: Department of Statistics)*

## 7. SUPPLY DEPENDENCIES – RAW MATERIALS

- The major raw materials used in the manufacture of power cables and wires are:
  - Copper rods;
  - Aluminium rods.
- Manufacturers of power cables and wires including Sarawak Cable Group are dependent on copper and aluminium rods as the main raw materials to produce power cables and wires. Availability of these materials is important to ensure that the Group's manufacturing operations are not interrupted. Imports of copper and aluminium wires provide an indication on the availability of these types of raw materials in the Malaysian market.
- Although there was a decrease in demand for copper wires and aluminium wires in Malaysia in 2009, Malaysia continues to import them, which indicates that there is a demand for these types of imported materials.
- According to the Department of Statistics, there is no data available specifically on the local production of copper and aluminium rods. As such, the import of copper and aluminium wires will be used as a proxy from the supply perspective.
- Between 2005 and 2009, the import value of copper wire of refined copper (of which the maximum cross-sectional dimension exceeding 6mm) increased at an average annual rate of 4.1%. In 2009, the import value of this type of copper wire decreased by 48.4% to RM184.5 million.
- In 2009, Russia was the largest source of imports for copper wire of refined copper (of which the maximum cross-sectional dimension exceeding 6mm) for Malaysia, which represented 35.7% of the total value of imports under this category. This was followed by Korea, India, Taiwan and Indonesia, which accounted for 30.1%, 14.1%, 7.2% and 6.9% respectively.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

**VITAL FACTOR CONSULTING**

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- Between 2005 and 2009, the import value of aluminium wires (unalloyed of maximum cross-sectional dimension exceeding 7mm) decreased at an average annual rate of 19.7%. In 2009, the import value of this type of aluminium wires declined by 56.9% to RM1.1 million.
- In 2009, India was the largest source of imports of aluminium wires (unalloyed of maximum cross-sectional dimension exceeding 7mm) for Malaysia, which accounted for 38.1% of the total value of imports under this category. This was followed by Japan, the United States, Taiwan and Bahrain, which accounted for 22.3%, 21.3%, 6.5% and 4.3% respectively.
- Between 2005 and 2009, the import value of aluminium wires (alloyed of maximum cross-sectional dimension exceeding 7mm) decreased at an average annual rate of 16.3%. In 2009, the import value of aluminium wires (alloyed of maximum cross-sectional dimension exceeding 7mm) declined by 64.2% to RM868,914.
- In 2009, the United States was the largest source of imports of aluminium wires (alloyed of maximum cross-sectional dimension exceeding 7mm) for Malaysia, which represented 57.0% of the total value of imports under this category. This was followed by Italy, United Kingdom and China, which accounted for 37.7%, 3.4% and 2.0% of the total value of imports under this category.

*(Source: Department of Statistics)*

## 8. DEMAND DEPENDENCIES

- Sarawak Cable Group focuses on the manufacturing of power cables and wires, therefore demand will be dependent upon the performance of its user-industries:
  - Power Industry;
  - Property Development Industry (incorporating building and construction).
- Power cables and wires are key components that enable the transmission and distribution of electricity to households, commercial and industrial buildings.
- The following section will also assess some of the socio-economic factors that will impact on the consumption of electricity and thus, demand for power cables and wires.
- For the financial year ended 31 December 2009, 100% of Sarawak Cable Group's revenue contribution was derived from Sarawak and Sabah. As such, the following section on demand dependencies will also cover East Malaysia.

**Transaction of Properties**

- Between 2004 and 2008, the transaction value of properties in Malaysia and East Malaysia increased at an average annual rate of 10.2% and 10.1% respectively. In 2008, the transaction value of properties in Malaysia grew by 14.5% to reach RM88.3 billion. Of this, East Malaysia accounted for RM6.6 billion.



## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

**VITAL FACTOR CONSULTING**

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- For the first half of 2009, the transaction value of properties in Malaysia and East Malaysia decreased by 26.6% and 12.7% respectively compared to the same period in 2008. During the first half of 2009, the transaction value of properties in Malaysia amounted to RM34.1 billion. Of this, East Malaysia accounted for RM2.8 billion.

**Electricity Consumption**

- Between 2004 and 2008, electricity consumption in Malaysia increased at an average annual rate of 4.8%. In 2008, electricity consumption grew by 3.9% in terms of units to reach 95,200 Gigawatts hours (GWh). During the first half of 2009, the electricity consumption in Malaysia amounted to 45,000 GWh.
- Between 2004 and 2008, the value of electricity consumption in Malaysia increased at an average annual rate of 9.7%. In 2008, the value of electricity consumption grew by 12.6% to reach RM26.2 billion. During the first half of 2009, the electricity consumption in Malaysia amounted to RM13.9 billion.

**Accumulated Installed Capacity and Peak Demand for Electricity**

- The continuing growth in accumulated installed capacity and peak demand of electricity in Malaysia will create opportunities for the Power Cables and Wires Industry. This is reflected in the following statistics:

	Accumulated Installed Capacity <i>Megawatt (MW)</i>		Peak Demand* <i>Megawatt (MW)</i>	
	<i>Megawatt</i>	<i>Growth Rate</i> %	<i>Megawatt</i>	<i>Growth Rate</i> %
<b>2000</b>	14,291	-	10,657	-
<b>2005</b>	19,217	34.5	13,779	29.3
<b>2010</b>	25,258	31.4	20,087	45.8

\* Peak demand is the maximum power demand registered by the system in a stated period of time.

Note: The above are accumulated installed capacity and peak demand for electricity from Tenaga Nasional Berhad, Sabah Electricity Sdn Bhd and Syarikat SESCO Berhad.

**Figure 8. Accumulated Installed Capacity and Peak Demand for Electricity in Malaysia**

- In 2005, the accumulated installed capacity grew by 34.5% to reach 19,217 MW compared to 2000. In 2010, the accumulated installed capacity is expected to grow by 31.4% to 25,258 MW compared to 2005.
- In 2005, the peak demand for electricity grew by 29.3% to reach 13,779 MW compared to 2000. In 2010, the peak demand is expected to increase by 45.8% to reach 20,087 MW compared to 2005.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- The continuing growth in accumulated installed capacity and peak demand for electricity in Malaysia will further create new opportunities for the power cables and wires industry.

**Government Initiative – Sarawak Corridor of Renewable Energy (SCORE)**

- In February 2008, the former Malaysian Prime Minister Datuk Seri Abdullah Ahmad Badawi launched a Government initiative - SCORE for the 320-km development of energy corridor from Tanjung Manis in Mukah to Similajau near Bintulu. Part of the Government plans for SCORE include the development of several hydroelectric power generation dams. As at July 2008, in addition to the 2,400 MW Bakun Dam, 12 hydroelectric power generation dams were planned at Ulu Air, Metjawah, Belaga, Balleh, Belepah, Lawas, Tutoh, Limbang, Baram, Murum, and Linau rivers, including an extension to the Batang Ai Dam.

As at February 2010, the status of the development of hydroelectric power generation dams is as follows:

- The Bakun Hydroelectric project with an installed capacity of 2,400 MW and the Murum Hydroelectric Dam with an installed capacity of 944 MW are expected to commence operations by end of 2010 and 2013 respectively.
- The State Government of Sarawak, through Sarawak Energy Berhad, is planning to build five other hydroelectric power generation dams, which are listed as follows:
  - Balleh Dam;
  - Pelagus Dam;
  - Baram Dam;
  - Limbang Dam;
  - Lawas Dam.

In addition, Sarawak Energy Berhad is expected to build a 40 km long power transmission link to connect Miri and Brunei to facilitate the export of electricity from Sarawak to Brunei. The project is expected to take 18 months to complete.

The total potential of the Sarawak state hydropower resources is estimated to be 28,000 MW.

*Source: SCORE and secondary market research undertaken by Vital Factor Consulting Sdn Bhd*

- The continuing development in new power stations such as hydroelectric power generation dams will also create demand for power cables and wires.

**Population Growth**

- Between 2006 and 2010, the population of Malaysia is forecasted to increase at an average annual rate of 2.1%. In 2010, the population of Malaysia is forecasted to grow by 2.1% to reach 28.9 million.

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- The continuing growth in socio-economic indicators such as population growth will also place increasing demand on electricity consumption and coverage.

*(Source: Valuation and Property Services Department, Ninth Malaysia Plan, Mid-Term Review of the Ninth Malaysia Plan, Ministry of Finance and Bank Negara Malaysia)*

**9. DEMAND-EXPORTS**

- Between 2005 and 2009, the export value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000V declined at an average annual rate of 0.2%. In 2009, the export value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000V increased by 9.4% to reach RM317.0 million.
- Between 2005 and 2009, the export value of power transfer wires, cables, strips and the like of other electric conductors, for a voltage exceeding 1,000V increased at an average annual rate of 25.1%. In 2009, the export value of these types of power cables and wires declined by 29.1% to RM190.9 million.
- Between 2005 and 2009, the export value of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated decreased at an average annual rate of 39.1%. In 2009, the export value of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated declined by 62.5% to RM2.1 million.
- Between 2005 and 2009, the export value of stranded wire, cables, plaited bands and the like, not electrically insulated, of unalloyed aluminium (a sub-sector of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated) declined at an average annual rate of 69.9%. In 2009, the export value of these types of power cables and wires decreased by 97.9% to RM18,779.
- Between 2005 and 2009, the export value of stranded wire, cables, plaited bands and the like, not electrically insulated, of aluminium alloy (a sub-sector of stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated) decreased at an average annual rate of 37.8%. In 2009, the export value of these types of power cables and wires declined by 77.9% to RM567,286.

*(Source: Department of Statistics)*

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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**10. COMPETITIVE NATURE****10.1 Nature of Competition in the Industry**

- The Power Cables and Wires Industry operates under **normal** competitive conditions.

**10.2 Factors of Competition**

- As with most free enterprise environment, competition is based on a number of factors including:
  - Technical compliance with customers' specifications and requirements;
  - Quality of products and services;
  - Prompt delivery;
  - Established track record;
  - Manufacturing capabilities, facilities and capacity.

**10.3 Impact of Factors of Competition on Sarawak Cable Group**

- **Technical Compliance:** Sarawak Cable Group has provided power cables and wires to various types of customers including the following:
  - Utility companies;
  - Project owners;
  - Contractors/Tradespersons;
  - Resellers;
  - Direct consumers.

For the financial year ended 31 December 2009, Sarawak Cable Group's revenue was contributed by approximately 280 customers.

The diversity in types of customers and the relatively large customer base indicate Sarawak Cable Group's ability to meet the technical requirements of many customers. This will help Sarawak Cable Group in competing against other suppliers and manufacturers of power cables and wires.

- **Quality of Products and Services:** Sarawak Cable Group has tangible evidence of the quality of its products and services by virtue of the following licences and quality management system accreditations:
  - Product certification licence MS 136:1995 for 'PVC Insulated Cables (non-armoured) for Electricity Power and Lighting' from SIRIM QAS International Sdn Bhd, which is renewable on a yearly basis;
  - Product certification licence MS 274:1995 for 'PVC Insulated Cables for Electricity Supply' from SIRIM QAS International Sdn Bhd, which is renewable on a yearly basis;
  - Obtained MS ISO 9001:2008 Quality Management System from SIRIM QAS International Sdn Bhd.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Having the proper licences to manufacture specified products are prerequisites, plus its accredited Quality Management System will provide customers with a stronger level of assurance of quality compared to manufacturers without the proper licences or Quality Management System in place.

- **Prompt Delivery:** Sarawak Cable Group's main market is in Sarawak. As a Sarawak based company, its proximity to customers provides the Group with the advantage of lower transportation cost, prompt delivery and customer service.
- **Established Track Record:** Sarawak Cable Group has been operating since 1980. This long and established track record provides the Group with a competitive advantage over new entrants and companies who have been operating over a short period of time.
- **Manufacturing capabilities, facilities and capacity:** Sarawak Cable Group has the capabilities, facilities and capacity to manufacture a range of power cables and wires including low and high voltage power cables, wires and bare conductors. The ability to manufacture a wide range of products provides convenience to customers, which acts as a competitive advantage over manufacturers who can only manufacture a small range of products.

**10.4 Competitive Intensity****10.4.1 General Industry Competitive Intensity**

- The overall competition among operators in the Power Cables and Wires Industry is **moderate**. This is mainly substantiated by the following:
  - As at March 2010, it was estimated that there were 30 manufacturers of power cables and wires in Malaysia.
  - Not all manufacturers are able to manufacture the full range of power cables and wires from low voltage to high voltage. As such, different manufacturers will focus on different segments of the Power Cables and Wires Industry. As technical, manufacturing and marketing requirements are relatively more difficult for higher voltage power cables and wires, competitive intensity reduces for manufacturers who are able to manufacture higher voltage power cables and wires. As such, the barriers to entry are higher for the manufacturing of higher voltage power cables.
  - The local market demand for power cables and wires is high covering all types of power cables and wires for transmission, distribution as well as for inside premises and buildings. As such, 30 local manufacturers servicing the whole of Malaysia would not create undue competitive intensity among local manufacturers.
  - Many of the local manufacturers also export their products, which serve to reduce the competitive intensity within Malaysia.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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**10.4.2 Competitive Intensity for Sarawak Cable Group**

- Although generally the competitive intensity for the Power Cables and Wires Industry is moderate, the following factors help to further reduce the competitive intensity specifically for Sarawak Cable Group:
  - Ability to manufacture a wide range of low voltage power cables up to 1,000 V (copper and aluminium based) and high voltage bare conductors in excess of 33kV (aluminium and aluminium alloy based).
  - In 2009, Sarawak Cable Group ranked **first** among manufacturers of power cables and wires in Sarawak based on revenue. This somewhat reduces the competitive intensity for Sarawak Cable Group in Sarawak, which is its major market.
  - Syarikat SESCO Berhad and Sarwaja Timur Sdn Bhd are wholly owned subsidiaries of Sarawak Energy Berhad, one of the substantial shareholders of Sarawak Cable Group as well as the Sarawak State owned monopoly power company responsible for the generation, transmission and distribution of electricity. Syarikat SESCO Berhad and Sarwaja Timur Sdn Bhd have enjoyed a long and established business relationship with Sarawak Cable Group having been a customer of the Group for the last 27 years and 13 years respectively.

**11. PLAYERS IN THE INDUSTRY**

- As at March 2010, it was estimated that there were approximately 30 manufacturers of power cables and wires in Malaysia. Following are some of the manufacturers of Power Cables and Wires Industry in Malaysia: (*sorted in alphabetical order*):
  - Central Cables Berhad
  - Fajar Cables Sdn Bhd
  - FEC Cables (M) Sdn Bhd <sup>(1)</sup>
  - Federal Power Sdn Bhd
  - Fujikura Federal Cables Sdn Bhd
  - Jotang Wires & Cable Sdn Bhd
  - Leader Cable Industry Berhad (*A wholly owned subsidiary of Leader Universal Holdings Berhad*)
  - Mega Kabel Sdn Bhd
  - MITTI Group <sup>(2)</sup>
  - Olympic Cable Company Sdn Bhd
  - Power Cables Malaysia Sdn Bhd
  - Sama Keibel Sdn Bhd
  - Sasa Cables Sdn Bhd
  - Sindutch Cable Manufacturer Sdn Bhd
  - Southern Cable Sdn Bhd
  - Tai Sin Electric Cables (Malaysia) Sdn Bhd
  - Tenaga Cable Industries Sdn Bhd
  - Tonn Cable Sdn Bhd
  - **Universal Cable (Sarawak) Sdn Bhd** (*A wholly owned subsidiary within the Sarawak Cable Group*)

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- Universal Cable (M) Berhad (*A wholly owned subsidiary of Leader Universal Holdings Berhad*)
- Utama Cables Sdn Bhd
- Wonderful Wire & Cable Berhad.

*Notes:*

- (1) *Previously known as Furukawa Electric Cables (M) Sdn Bhd.*
- (2) *MITTI Group includes subsidiaries MITTI Cables MFG Sdn Bhd and MITTI Power Cables Sdn Bhd.*

*(Source: Malaysian Industrial Development Authority, and Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

**12. BARRIERS TO ENTRY**

- Apart from the normal manufacturing licence, there are no material Government regulations or policies preventing the entry of manufacturers into the Power Cables and Wires Industry.
- Some of the barriers to entry into the Power Cables and Wires Industry include capital and set-up cost, track record and technical knowledge and compliance.

**12.1 Capital and Set-up Cost**

- The capital and set-up cost for the manufacturing of power cables and wires is high. Manufacturing of power cables and wires involve various types of specialised machinery to produce different types of power cables and wires.
- The capital cost of setting-up an average sized factory to produce power cables and wires would be approximately RM40 million (excluding the cost of land and building). This would include the following:
  - RM20 million for working capital (for 4 months);
  - RM15 million for machinery and equipment;
  - RM5 million for testing and laboratory facilities.

This size of factory is expected to generate revenue of approximately RM60 million annually.

- Capital costs would start to escalate for larger operations to enable greater economies of scale. Larger manufacturing operations are necessary to meet the demands of large projects and to meet the requirements of customers. This is where smaller scale operators would lose out to the larger industry players.

**12.2 Track Record**

- Track record also forms one of the barriers to entry for new entrants. It is unlikely that a new entrant without any track record will be able to compete effectively in this market.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**


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- Successful manufacturers are those that have a strong track record with the ability to cater to market requirements. It will take some time for a new entrant to be established in the market before customers are willing to take them on as a supplier.
- As such, track record would pose major barriers to entry for new entrants, which would find it difficult to gain immediate access into the market.

**12.3 Technical Knowledge and Compliance**

- Power cables and wires serve to transmit electricity and therefore safety standards are critical in this industry. Manufacturers that adopt internal quality management processes to ensure consistent product quality such as MS ISO 9001:2008 are in a stronger position to provide customers with the assurance of quality.
- In addition, compliance with regulatory requirements such as product certifications from SIRIM QAS International Sdn Bhd is mandatory for certain types of power cables and wires.
- As such, specific technical skills and knowledge is required to ensure products that are manufactured meet safety standards and functions as specified.

**13. RELIANCE ON AND VULNERABILITY TO IMPORTS**

- The manufacture of power cables and wires is not reliant on imports of key raw material such as copper rods and aluminium rods as these are manufactured locally. However copper and aluminium rods can also be sourced from overseas:
  - In 2009, the import value of copper wire of refined copper (of which the maximum cross-sectional dimension exceeding 6mm) amounted to RM184.5 million. Russia was the largest source of imports for copper wire of refined copper (of which the maximum cross-sectional dimension exceeding 6mm) for Malaysia, which represented 35.7% of the total value of imports under this category in 2009. This was followed by Korea, India, Taiwan and Indonesia, which accounted for 30.1%, 14.1%, 7.2% and 6.9% respectively.
  - In 2009, the import value of aluminium wires (including unalloyed and alloyed cross-sectional dimension exceeding 7mm) reached RM1.9 million. The United States was the largest source of imports for aluminium wires (including unalloyed and alloyed cross-sectional dimension exceeding 7mm) for Malaysia, which represented 37.2% of the total value of imports under this category in 2009. This was followed by India, Italy, Japan, Taiwan and Bahrain, which accounted for 21.1%, 17.1%, 12.3%, 3.6% and 2.4% respectively.

*(Source: Department of Statistics)*





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14. **INDUSTRY OUTLOOK**

**General Overview**

- In light of the global financial crisis that has impacted on the local economy, the outlook of the Power Cables and Wires Industry in Malaysia may be challenging for the short to medium term. This prognosis is supported by the following observations:
  - In 2009, the unfavourable global economic conditions have resulted in the contraction of 1.7% in real GDP in Malaysia.
  - Real GDP for the manufacturing sector recorded a decline of 9.3% in 2009.
  - Local manufacturing of electric power cables and wires declined by 25.1% to RM1.4 billion in 2009.
  - In 2009, the import value of selected power cables and wires are as follows:

	Growth Rate in 2009 (%)	Import Value (RM million)
Power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000V	-30.6	118.4
Power transfer wires, cables, strips and the like of other electric conductors, for a voltage exceeding 1,000V	-36.7	72.6
Stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated	46.3	8.9

**Figure 9. Import Value of Selected Power Cables and Wires**

- In 2009, the export value of selected power cables and wires are as follows:

	Growth Rate in 2009 (%)	Export Value (RM million)
Power transfer wires, cables, strips and the like of other electric conductors, for a voltage not exceeding 1,000V	9.4	317.0
Power transfer wires, cables, strips and the like of other electric conductors, for a voltage exceeding 1,000V	-29.1	190.9
Stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated	-62.5	2.1

**Figure 10. Export Value of Selected Power Cables and Wires**

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- A slowdown in the Malaysian economy may lead to a slowdown in the power industry, building and construction industry and property development. As these industries are important sources of demand for the Power Cables and Wires Industry, a slowdown in these sectors may, in turn, lead to a slowdown in the Power Cables and Wires Industry.
- However, there are strong indications that economic conditions in Malaysia are improving and the outlook for the near term, especially in 2010 will be better than 2009. This is supported by the following observations:
  - While real GDP growth for 2009 was -1.7%, real GDP for 2010 is projected to grow by an estimated 4.5% to 5.5%.
  - BCI have also improved by 130% between the fourth quarter of 2008 and the first quarter of 2010 (*Source: Malaysian Institute of Economic Research*)
- Continuing Government expenditure on residential housing development as stipulated in the Ninth Malaysia Plan, as well as additional expenditure through Government stimulus packages may be able to mitigate some of the negative impact of the global financial crisis on the Building and Construction Industry and other industries. The Government's effort to stimulate the economy may also support consumer spending by boosting consumer confidence.
- As such, it is expected that once Malaysia fully recovers from the economic slowdown, the Power Cables and Wires Industry would continue to grow and this would augur well for operators within this industry.

**Growth Potential in East Malaysia**

- As Sarawak Cable Group mainly supply to the East Malaysia market, this section will also cover the potential growth of the Power Cables and Wires Industry in East Malaysia.
- According to the Government Transformation Programme published in January 2010, the Government has set several targets for the National Key Result Areas. Of which, improving rural basic infrastructure through the rural electrification programme is one of them. Some of the development under the programme include the following:
  - Sabah and Sarawak have lower rates of electrification at 77% and 67% respectively, compared to the electrification rate in Peninsular Malaysia of 99%. Through the rural electrification programme, the Government has set a target to increase the number of houses with access to electricity in Sabah and Sarawak to 80.8% and 72.6% respectively by 2010. The Government will connect 140,000 additional homes by 2012. Of this, 95% will be in Sabah and Sarawak.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- Considering some of the rural areas are distant from electricity generation and transmission infrastructure, the Government decided to use solar hybrid power generation or micro hydro electricity solutions to apply in approximately 17% of the new connections between 2010 and 2012.
- According to the Government Transformation Programme published in January 2010, 79,000 km of low voltage cables was produced annually by 15 domestic producers. The incremental demand from the National Key Result Areas electrification programme represents 18% of domestic supply.
- The Sarawak Government has developed SCORE whose main objective is to utilise the State's abundant natural resources to spur development of various priority industries. In particular, SCORE aims to include participation by the private sector especially foreign investors.
- There are approximately 70 industries identified to have potential for development in the region. However, the ten priority industries are as follows:

Priority Industry	Examples of Relevant Segments for Development
Oil Based	Refineries, tank farms, gas-based ethane production and petrochemical investments
Aluminium	Aluminium smelting, casting, foundries, rolling and extrusion.
Iron and Steel	Direct reduced iron (DRI) steel mill, producing hot rolled coil and cold rolled coil in Similajau
Glass	Float glass unit, focusing on high-end glass products in Similajau
Tourism	Ecotourism, adventure tourism, cultural tourism and business travel
Palm Oil	Palm oil plantations and downstream investments in oleochemicals, biomass, bio-diesel, and by-products including palm kernel expeller (PKE), timber, fibre and compost
Timber Based	Timber product manufacturing such as paper, high-value panel products, furniture and mouldings
Livestock	Livestock industry and major centres for livestock involving layer/eggs, day-old chicks, broiler farming and meat processing
Aquaculture	Aquaculture covering the Rajang river delta, and the coastal areas of the corridor
Marine Engineering	Boat and shipbuilding, including repair and maintenance and marine engineering contracting for the offshore oil and gas sector.

Figure 11. Top Ten Priority Industries

- Some major investments incorporated in SCORE include two smelter projects and a polycrystalline silicon manufacturing plant in the Samalaju Industrial Park. In addition, an agreement was recently signed between a Malaysian and a China based company whereby both companies will jointly develop projects which may include construction of dams and a smelter plant.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- SCORE includes the development of several hydroelectric power generation dams. As at July 2008, in addition to the 2,400 MW Bakun Dam, 12 hydroelectric power generation dams were planned at Ulu Air, Metjawah, Belaga, Balleh, Belepah, Lawas, Tutoh, Limbang, Baram, Murum, and Linau rivers, including an extension to the Batang Ai Dam.

As at February 2010, the status of the development of hydroelectric power generation dams is as follows:

- The Bakun Hydroelectric project with an installed capacity of 2,400 MW and the Murum Hydroelectric Dam with an installed capacity of 944 MW are expected to commence operations by end of 2010 and 2013 respectively.
- The State Government of Sarawak, through Sarawak Energy Berhad, is planning to build five other hydroelectric power generation dams, which are listed as follows:
  - . Balleh Dam;
  - . Pelagus Dam;
  - . Baram Dam;
  - . Limbang Dam;
  - . Lawas Dam.
- In addition, Sarawak Energy Berhad is expected to build a 40 km long power transmission link to connect Miri and Brunei to facilitate the export of electricity from Sarawak to Brunei. The project is expected to take 18 months to complete.
- In Sabah, the first unit of the open-cycle gas turbine power plant Powertron II was launched in mid-March 2010. Other developments include the following:
  - Full completion of the open-cycle gas turbine power plant Powertron II's second and final phase;
  - SPR Energy plant;
  - Kimanis Power plant;
  - Proposed coal plant.
- The developments in East Malaysia will increase the demand for power cables and wires. This augurs well for companies within the Power Cables and Wires Industry such as Sarawak Cable Group as their principal market is the East Malaysia market.

*(Sources: Department of Statistics, Bank Negara Malaysia, Government Transformation Programme, Prime Minister's Department; SCORE, Secondary market research undertaken by Vital Factor Consulting Sdn Bhd)*

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**


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**15. THREATS AND RISK ANALYSIS**
**15.1 Dependency on the Power Industry, Property Development, and Building and Construction Industries**

- The Power Cables and Wires Industry is, to a large extent, dependent on the user-industries including power industry, property development, and building and construction industries. Thus, a slowdown in any of these user-industries would have a direct impact on the demand for power cables and wires.

**Mitigating Factors**

- According to the Ninth Malaysia Plan, the Malaysian Government has plans to increase installed capacity to cater to increasing electricity demand. The total accumulated installed capacity is expected to grow by 31.4% to 25,258 MW by 2010 compared to 2005. In addition, the Malaysian Government has set a target to increase the number of houses with access to electricity in Sabah and Sarawak to 80.8% and 72.6% respectively by 2010. *(Sources: Ninth Malaysia Plan and Government Transformation Programme, Prime Minister's Department)*. All these developments in the power industry are expected to have a favourable impact on the demand for power cables and wires.
- The continuing growth in the building and construction industry is expected to generate further demand for power cables and wires in Malaysia as well as East Malaysia. This is substantiated by the fact that in 2009, the GDP of Construction Industry at current prices grew by 8.1%. *(Source: Bank Negara Malaysia)*.
- In addition, the end-user industries comprising power, property development, and building and construction industries are very large and diversified. If there were to be a slow down in all the end-user industries, it would be a nation wide slowdown. In such a scenario, virtually all commerce and industries will be affected. Nevertheless, the diverse end-user industries would provide a significant mitigating factor against any slowdown from one or a small number of sectors.

**15.2 Global Financial Crisis**

- Any prolonged and/or widespread downturn such as those of the recent global financial turmoil has affected the global and Malaysian economies. This slowdown in the global and local economies will affect the demand for power cables and wires.

**Mitigating Factor**

- As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**


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- In early November 2008, the Malaysian Government announced a RM7 billion stimulus package, which was to be channelled into 15 projects to promote business activity, and helps minimise the impact of the global financial crisis.
- On 10 March 2009, the Government tabled a mini budget as part of the second stimulus package. The second stimulus package was to be implemented over 2009 and 2010, and will include RM60 billion in spending and incentives.
- It is expected that these measures will help to generate domestic business activities and domestic consumption, which will in turn help counter the slowdown in the local economy.

**15.3 Foreign Exchange Risks**

- Fluctuations in foreign exchange rates will have an impact on the prices of imported materials used.
- This may impact on the profitability of manufacturers within the Power Cables and Wires Industry. An unfavourable foreign exchange movement against the Ringgit would reduce manufacturer's profitability.

**Mitigating Factors**

- Since 21 July 2005, the Ringgit was allowed to operate on a managed float basis, with its value determined by economic fundamentals. Bank Negara Malaysia will monitor the exchange rate against the trade-weighted index of Malaysia's major trading partners. Promoting stability of the exchange rate continues to be a primary objective of the foreign exchange policy (*Source: Bank Negara Malaysia*).
- Bank Negara Malaysia's primary policy objective of promoting the stability of the exchange rate will provide some mitigation against foreign currency risk.
- A manufacturer that earns revenue denominated in a foreign currency may mitigate against foreign exchange risk by using its foreign currency earnings to pay for purchases denominated in the same foreign currency. This could provide some natural hedging against foreign exchange fluctuations.

**15.4 Fluctuations in the Copper and Aluminium Prices as Raw Materials**

- Manufacturers of power cables and wires are dependent on copper and aluminium coils and rods as the main raw materials to produce power cables and wires. As such, any fluctuations in the prices of copper and aluminium coils may impact on the profitability of manufacturers.

**Mitigating Factor**

- It is common industry practice to pass on any price fluctuations to the customers resulting in minimal impact on the margin of operators. The base prices of aluminium and copper are determined by London Metal Exchange.

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**13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**


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- As these materials are like most commodities whereby they are subjected to world prices, all manufacturers that use these materials are equally affected.

**16. AREAS OF GROWTH AND OPPORTUNITIES**
**16.1 Manufacturing of Power Cables and Wires for Electricity Grid**

- Power cables and wires continue to be the only medium for carrying electric current and there are no substitutes. From 2000 to 2005, the accumulated installed capacity increased by 34.5% in which in 2005 the accumulated installed capacity reached 19,217 MW. In 2010, the accumulated installed capacity is expected to increase up to 25,258 MW with a further increase of 31.4% from 2005. *(Source: Ninth Malaysia Plan)*
- In Sabah, the first unit of the open-cycle gas turbine power plant Powertron II was launched in mid-March 2010. In Sarawak, the generation capacity will also be expanded with the commissioning of new power plants, including the Bakun Hydroelectric project and the Murum Hydroelectric project. They are expected to commence operations by end of 2010 and 2013 respectively.
- Sarawak Energy Berhad is also expected to build a 40 km long power transmission link to connect Miri and Brunei to facilitate the export of electricity from Sarawak to Brunei. The project is expected to take 18 months to complete.

*(Source: Secondary market research undertaken by Vital Factor Consulting Sdn Bhd)*

- As such, demand for new power generating plants will ultimately lead to increased demand for power cables and wires for transmission and distribution of electricity from the power plant to the end-user.
- In addition, the Government's aim to provide a comprehensive coverage of electricity to all urban and rural areas in Malaysia would also provide significant growth opportunities to transmission and distribution cables for the electricity grid.

**16.2 Malaysian Government's Initiatives and Development Plans**

- The Government has in place various development plans for the nation for example the Iskandar Development Region, which is designed to attract foreign investment by transforming the South of Johor into a special economic zone covering a land size of 2,217 square kilometres. In addition, the Northern Corridor Economic Region, which is another Government initiative to accelerate economic growth in the North of Peninsular Malaysia covering Perlis, Kedah, Penang and Northern Perak by focusing on the development of agricultural, manufacturing, tourism and logistics sectors.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- Other developments in East Malaysia include the following:
  - In Sabah, power supply will increase following the completion of new projects including the Powertron II's second and final phase, SPR Energy plant, Kimanis Power plant, and the proposed coal plant project.
  - In Sarawak, the generation capacity will be expanded with the commissioning of the Bakun, Murun, Balleh, Pelagus, Baram, Limbang and Lawas Dams, as well as a 40 km long power transmission link to connect Miri and Brunei.

*(Source: Secondary market research undertaken by Vital Factor Consulting Sdn Bhd)*

- The Sarawak Government has developed SCORE whose main objective is to utilise the State of Sarawak's abundant natural resources to spur development of various priority industries. In particular, SCORE aims to include participation by the private sector especially foreign investors. With its abundance of renewable and clean energy, the State of Sarawak itself will act as a backbone and springboard to power its economic growth and expansion. As fossil fuel prices continue to rise every year, these types of renewable energy will be an alternative source of energy for industries based in the corridor.
- All these development plans and Government initiatives would ultimately increase the demand for power cables and wires that are required to support the community, commerce and government.

## 17. DRIVERS OF GROWTH

- Some of the drivers of growth for the Power Cables and Wires Industry are:
  - **Growth in the User-Industries** including the power, property development, building and construction industries. The continuing increase in electricity consumption, expansion of rural electrification coverage and the increase in new property developments will ultimately drive the demand for power cables and wires for power distribution and transmission.
  - **Development of new power generation facilities** such as hydroelectric power generation dams and coal-based power plants will also create demand for power cables and wires. Some of these developments include the Bakun, Murun, Balleh, Pelagus, Baram, Limbang and Lawas Dams, as well as a 40 km long power transmission link to connect Miri and Brunei. In Sabah, developments include the Powertron II, SPR Energy plant, Kimanis Power plant, and the proposed coal plant project.
  - **Demographic** changes such as the increase in population and urbanisation will also stimulate the demand for power cables and wires.



## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- **Malaysian Government's Initiatives and Development Plans:** The Government has in place various development plans for the nation including the Ninth Malaysia Plan, the Iskandar Development Region, the Northern Corridor and the Government Transformation Programme. In addition, the Sarawak Government has developed SCORE whose main objective is to utilise the State of Sarawak's abundant natural resources to spur development of various priority industries. In particular, SCORE aims to include participation by the private sector especially foreign investors. All these development plans would ultimately increase the demand for power cables and wires that are required to support the community, commerce and government.
- **Continuing GDP growth** will also stimulate new investments and expansion of industries and commerce that will drive the need for power cables and wires.

## 18. CRITICAL SUCCESS FACTORS

- The critical success factors for manufacturers within the Power Cables and Wires Industry in particular are as follows:
  - **Established Market Reputation**  
Market reputation of power cables and wires manufacturers play a vital role in winning customers. As power cables and wires play a critical role in the distribution of electricity, it is important that the power cables and wires are provided with assurance of the quality and reliability. As such, a reputable track record is required to continually secure and win new customers.
  - **Quality of Power Cables and Wires**  
To ensure business sustainability, manufacturers must be able to continually meet and deliver quality power cables and wires. Those who adopt stringent controls in their processes and can provide assurance of quality in their final product such as ISO accreditations are in a better position to compete effectively in this area.
  - **Product Certification**  
Power cables and wires are required to be certified before they are allowed to be sold to end-users. As such, it is critical that manufacturers obtain all the necessary product certifications to ensure that they are able to manufacture and market their products in Malaysia.

## 13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- **Financial Strength**

The manufacture of power cables and wires require the purchase of key raw materials like copper, aluminium, Polyvinyl Chloride (PVC) resins and Cross linked Polyethylene (XLPE) resins. These raw materials, especially copper, are expensive and in many situations payment for purchases are required promptly after delivery.

In addition, some proportion of these materials are also in work-in-progress. As such manufacturers must have the financial resources to be able to pay for its purchases of raw materials to ensure uninterrupted supply of raw materials.

**19. MARKET RANKING, SIZE AND SHARE****19.1 Market Ranking**

- In 2008, Sarawak Cable Group ranked **ninth** among manufacturers of power cables and wires in Malaysia based on total revenue. (Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

Notes to market ranking are as follows:

- (1) As ranking is based on total company revenue, it must be emphasised that companies in the ranking may engage in other business activities in addition to manufacturing of power cables and wires. Some of these other activities may include manufacturing and/or trading of telecommunications cables, automotive cables, instrument cables and computer wire harnesses;
- (2) Nevertheless, all companies compared must undertake the manufacture of power cables and wires; and
- (3) In 2008, it was estimated that there were 30 manufacturers of power cables and wires in Malaysia.

**19.2 Market Size****19.2.1 Malaysia****Market Size Based on Apparent Consumption**

- In 2009, the market size for Power Cables and Wires Industry in Malaysia based on apparent consumption was estimated at **RM1.4 billion**. (Source: Vital Factor Consulting Sdn Bhd)

**Market Size Based on Local Production**

- In 2009, the market size of the Power Cables and Wires Industry in Malaysia was estimated at **RM1.4 billion** based on the sales value of local production of power cables and wires in Malaysia. (Source: Department of Statistics)

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13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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**19.2.2 East Malaysia**

**Market Size Based on Apparent Consumption**

- In 2009, the market size for Power Cables and Wires Industry in East Malaysia based on apparent consumption was estimated at **RM272 million** (Source: *Vital Factor Consulting Sdn Bhd*).

**19.3 Market Share**

**19.3.1 Malaysia**

**Market Share Based on Apparent Consumption**

- In 2009, Sarawak Cable Group's market share of power cables and wires based on apparent consumption was approximately **6%** (Source: *Vital Factor Consulting Sdn Bhd*).

*Note: Apparent consumption is calculated as the sum of the sales value of local production and the value of imports, less the value of exports.*

**Market Share Based on Local Production**

- In 2009, Sarawak Cable Group's market share of power cables and wires based on the sales value of local production of power cables and wires in Malaysia was approximately **6%** (Source: *Vital Factor Consulting Sdn Bhd*).

**19.3.2 East Malaysia**

**Market Share Based on Apparent Consumption**

- In 2009, Sarawak Cable Group's market share of power cables and wires in East Malaysia based on apparent consumption was approximately **33%** (Source: *Vital Factor Consulting Sdn Bhd*).

*Note: The market share of Sarawak Cable Group in East Malaysia is derived based on the total revenue of Sarawak Cable Group for the financial year ended 31 December 2009 (RM89.8 million) divided by the market size of the Power Cables and Wires Industry in East Malaysia based on apparent consumption in 2009 (RM272 million).*

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13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wong Wai Ling  
Director

## 14. DIRECTORS' REPORT

*(Prepared for inclusion in this Prospectus)*

**SARAWAK CABLE BERHAD**  
 (Formerly known as UCS Holdings Sdn Bhd)  
 (Company No. 456400-V)

Lot 767	Industrial	93050	T : +6 082 236 000
Block 8	Estate	Kuching	F : +6 082 237 999
MTLD	Phase III	Sarawak	
Demak Laut	Jalan Bako	Malaysia	

26 APR 2010

**Registered Office:**

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

The Shareholders  
**Sarawak Cable Berhad**

Dear Sir/Madam

On behalf of the Board of Directors ("Board") of Sarawak Cable Berhad ("Sarawak Cable"), I wish to report after due enquiry that during the period from 31 December 2009 (being the date to which the last audited financial statements of Sarawak Cable and its subsidiaries ("Group") have been made) to **26 APR 2010** (being a date not earlier than 14 days before the issue of this Prospectus) that:

- (i) in the opinion of the Board, the businesses of the Group have been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen subsequent to the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group;
- (v) the Board is not aware of any default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group since the last audited financial statements of the Group; and
- (vi) there has been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully  
 For and on behalf of the Board of Directors  
 of **Sarawak Cable Berhad**

**Toh Chee Ching**  
 Managing Director/ Chief Executive Officer

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**15. STATUTORY AND OTHER GENERAL INFORMATION**

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**15.1 SHARE CAPITAL**

- (i) Save as disclosed in the Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) We do not have any founder, management or deferred shares. As at the date of this Prospectus, we have only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank equally with one another.
- (iii) Save as disclosed in Sections 3.4 and 5.2 of this Prospectus, we have not issued or proposed to issue any shares or debentures in our Company as fully or partly paid-up in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.
- (iv) None of the capital of our Company or our subsidiary companies has been put under any option or has been agreed conditionally or unconditionally to be put under any option.
- (v) Save as disclosed in Section 3.5 of this Prospectus, we have no other scheme involving our Directors and employees in the share capital of our Company and our subsidiaries.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities.

**15.2 EXTRACTS OF ARTICLES OF ASSOCIATION**

We have reproduced extracts of the provisions from our Articles of Association. Unless otherwise stated, all capitalised terms herein shall bear the same meaning as prescribed under our Articles of Association.

**(i) Transfer of Listed Securities**

The provisions in our Articles of Association in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:

***Article 30 – Transfer of Securities***

The transfer of any listed securities or class of listed securities of the Company, which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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***Article 32 - Refusal to Register Transfer***

Subject to the provision of any law or regulation, including the Act, the Central Depositories Act, the Listing Requirements, these Articles and the Rules,

- (a) the Directors may in their absolute discretion decline to register any transfer of shares:-
    - (i) not fully paid;
    - (ii) which the Company has a lien;
    - (iii) if the Directors are aware or have reason to believe that the registration of the transfer would result in a contravention of or failure to observe the provision of a law in Malaysia; or
    - (iv) in circumstances where fraud or impropriety is suspected in relation to the transfer of shares;
  - (b) the Depository may in its absolute discretion refuse to register any transfer of the Deposited Security that does not comply with the Central Depositories Act and the Rules.
- (ii) **Remuneration of Directors**

The provisions in our Articles of Association in respect of remuneration of the Directors are as follows:

***Article 97 - Directors' Remuneration***

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee; and
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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***Article 98 - Remuneration of Director Holding Executive Office***

The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

***Article 99 - Reimbursement of Expenses***

- (a) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board of Directors provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.

**(iii) Voting and Borrowing Powers of Directors**

The provisions in our Articles of Association dealing with voting powers of the Directors in the proposals, arrangements or contracts in which they are interested in and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:

***Article 103 (a) – Directors' Borrowing Powers and Conditions***

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property or assets of the Company (both present and future) including its uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.

***Article 121 – Power to Vote***

Subject to the Act, the Listing Requirements and these Articles, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;  
or



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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

(iv) **Alteration of Capital or Variation of Class Rights**

*Article 11 – Modification of Class Rights*

Subject to the Listing Requirements, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to Sections 55 and 65 of the Act and whether or not the Company is being liquidated, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

*Article 52 – Power to Increase Capital*

- (a) The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.
- (b) Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and any new shares or Securities from time to time to be created or other Convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities or Convertible Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities or Convertible Securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities or Convertible Securities offered, the Directors may dispose of those shares or Securities or Convertible Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities or Convertible Securities which (by reason of the ration which the new shares or Securities or Convertible Securities bear to shares or Securities or Convertible Securities held by persons entitled to any offer of new shares or Securities or Convertible Securities) cannot in the opinion of the Directors, be conveniently offered under this Article.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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***Article 53 – New Shares to Rank with Original Shares***

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

***Article 54 – Power to Alter Capital***

The Company may by ordinary resolution:-

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) sub-divide its existing share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

***Article 55 – Power to Reduce Capital***

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

**15.3 DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT**

- (i) The names, addresses and occupations of our Directors are set out in Section I of this Prospectus.
- (ii) Our Directors are not required to hold any qualification share in our Company unless otherwise so fixed by us at a General Meeting.
- (iii) Our Company does not have any existing or proposed service agreements (other than employment contracts) with our Directors or key management.
- (iv) None of our Directors, Promoters or key management is or has been involved in the following events (whether in or outside Malaysia):
  - (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
  - (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation; or

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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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- (c) charged and/or convicted in a criminal proceeding or is a named subject of pending criminal proceeding; or
  - (d) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
  - (e) the subject of an order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.
- (v) Save as disclosed in Section 8.1.6 of this Prospectus and for dividends paid or payable to our Directors, substantial shareholders and Promoters as the shareholders of our Company or any of its subsidiaries, no other amounts or benefits has been paid or intended to be paid to our Directors, substantial shareholders and Promoters within the two (2) years preceding the date of this Prospectus.
  - (vi) Save as disclosed in Sections 8.1.3 and 8.2.3 of this Prospectus, none of our Directors, substantial shareholders and Promoters has any direct or indirect interests in our Company, before and after the IPO.
  - (vii) Save as disclosed in Section 10.2 of this Prospectus, none of our Directors or substantial shareholders has any interest in any contract, agreement or arrangement which is significant in relation to the businesses of our Group as at the date of this Prospectus.
  - (viii) Save as disclosed in Section 10.3 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, directorships and/ or shareholdings in other businesses and corporations carrying on a similar trade as that of our Company which would give rise to a situation of conflict of interest.
  - (ix) Save as disclosed in this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company.

**15.4 GENERAL INFORMATION**

- (i) The nature of our business has been disclosed in Section 6 of this Prospectus.
- (ii) Our Company has not established any other place of business outside Malaysia.
- (iii) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any stock exchange.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 16 of this Prospectus.
- (v) The date and time of the opening and closing of the application of our IPO are set out in Sections 3.3 and 16.1 of this Prospectus.
- (vi) The amount payable in full on application is RM0.70 per IPO Share.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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- (vii) Save as disclosed in Section 3.15 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Company within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company and in connection with the issue or sale of any capital of our Company and no Director or Promoter or expert is or are entitled to receive.
- (viii) Save as disclosed in Section 8.2 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over the corporation.

**15.5 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year to-date, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.

**15.6 MATERIAL CONTRACTS**

Save as disclosed below, we do not have any material contracts which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by our Company and our subsidiary during the two (2) years preceding the date of this Prospectus:

Underwriting Agreement dated 23 April 2010 entered into between our Company, the Offerors and the Underwriter for the underwriting of 13,000,000 Issue Shares under the Public Issue, details of which are set out in Sections 3.15 and 3.16 of this Prospectus.

**15.7 MATERIAL LITIGATION**

Neither we nor our subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant which will have a material effect on our financial position and our Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect our position or business.

**15.8 LETTERS OF CONSENT**

Our Adviser, Underwriter, Placement Agent, the Principal Bankers, Solicitors for the Listing, Company Secretaries, Registrar and Issuing House have, before the issue of this Prospectus, given and have not withdrawn their written consents to the inclusion in this Prospectus of their names in the manner and form in which their names appear in this Prospectus.

Our Auditors and Reporting Accountants have, before the issue of this Prospectus, given and have not withdrawn their written consent to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the proforma consolidated financial information of our Group in the manner and form in which they are contained in this Prospectus.

Our Independent Business and Market Research Consultant has, before the issue of this Prospectus, given and not subsequently withdrawn its consent to the inclusion in this Prospectus of its name, the Executive Summary of its Independent Market Research Report and its Independent Market Research Letter in the manner and form in which they are contained in this Prospectus.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**

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**15.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our material contract referred to in Section 15.6 of this Prospectus;
- (iii) The audited financial statements of Sarawak Cable for the three (3) FYEs 31 December 2009;
- (iv) The audited financial statements of Universal Cable (Sarawak) for the three (3) FYEs 31 December 2009;
- (v) The audited financial statements of Sarawak Power for the financial period ended 31 December 2009;
- (vi) Our Reporting Accountants' Letter on the Proforma Financial Information and Accountants' Report referred to in Sections 11.3 and 12 of this Prospectus, respectively;
- (vii) The Directors' Report referred to in Section 14 of this Prospectus;
- (viii) Our Independent Market Research Report and Executive Summary of the Independent Market Research Report referred to in Section 13 of this Prospectus; and
- (ix) The letters of consent referred to in Section 15.8 of this Prospectus.

**15.10 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and the Offerors have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy and correctness of the information given in this Prospectus. They confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

CIMB, as our Adviser to our IPO, Underwriter and Placement Agent for our IPO, acknowledges that based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts on our IPO.

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATIONS: 10.00 A.M., 6 May 2010

CLOSING OF THE APPLICATIONS: 5.00 P.M., 13 May 2010

Our Directors, Offerors and the Underwriter may mutually decide in their absolute discretion to extend the closing period for applications under the IPO to any later date(s). If they decide to extend the closing date of the applications, the dates for the balloting and allotment of the Shares and listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Market of Bursa Securities would be extended accordingly. We will announce any extension in a widely circulated Bahasa Malaysia and English newspaper in Malaysia. We will not accept late applications.

### 16.2 METHODS OF APPLICATION

Applications for the IPO Shares may be made using either of the following:

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

Type of Application Form	Category of Investor
WHITE Application Form only	Malaysian Public
WHITE Application Form or Electronic Share Application <sup>(1)</sup> or Internet Share Application <sup>(2)</sup>	Malaysian Public (individuals only)
PINK Application Form only	Eligible directors, employees and business associates of Sarawak Cable Group

**Notes:**

- (1) A surcharge of RM2.50 per Electronic Share Application will be charged by the Participating Financial Institution.
- (2) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:
  - (i) CIMB ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
  - (ii) CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
  - (iii) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00; and
  - (iv) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fees will be charged for application by their account holders.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**


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**16.3 PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Each application for the IPO Shares must be made on the Application Form for the relevant category of investors issued together with this Prospectus and must be completed in accordance with Notes and Instructions printed therein in the respective category of Application Form. The Application Form together with the Notes and Instructions shall constitute an integral part of this Prospectus. Applications which do not conform STRICTLY to the terms of this Prospectus or the respective category of Application Form or Notes and Instructions or which are illegible may not be accepted at the absolute discretion of the Directors of Sarawak Cable and/or the Offerors.

FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR IPO SHARES OFFERED AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. ALL APPLICANTS ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

**16.3.1 Application by the eligible Directors, employees and business associates of our Group**

Our eligible Directors, employees and business associates of Sarawak Cable Group will be provided with PINK Application Forms, letters detailing their respective allocation and additional letters of instruction. The applications must follow the Notes and Instructions in the said documents and where relevant, this Prospectus.

**16.3.2 Application by the Malaysian Public**
Eligibility

You can only apply for our Shares if you fulfill all the following:

- (i) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (ii) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Application for the Malaysian Public with a Malaysian address; or
  - (b) a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/ trustee and if you have a share capital, more than half of your issued share capital, excluding preferred share capital, is held by Malaysian citizens; or
  - (c) a superannuation, cooperative foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in item (ii) (b) or (c) above or the trustees thereof;

- (iii) You are not a director or employee of the Issuing House or their immediate family members.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.4 PROCEDURES FOR APPLICATION BY WAY OF AN APPLICATION FORM**

Malaysian Public should follow the following procedures in making their applications:

**Step 1: Obtain Application Documents**

Obtain the **White Application Form** together with the Official "A" and "B" envelopes and this Prospectus. These documents can be obtained subject to availability from the following parties:

- (i) CIMB;
- (ii) Participating organisation of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia;
- (iv) Members of the Malaysian Investment Banking Association; and
- (v) Issuing House.

**Step 2: Read the Prospectus**

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand the Prospectus before making your application.

**Step 3: Complete the WHITE Application Form**

Complete the **WHITE Application Form** legibly and **STRICTLY** in accordance with the Notes and Instructions printed on it and in this Prospectus.

**(i) Personal particulars**

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("NRIC") number must be the same as:

- your NRIC;
- any valid temporary identity document issued by the National Registration Department from time to time; or
- your "Resit Pengenaln Sementara ("JPN KP 09") issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.



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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**(ii) CDS account number**

You must state your CDS account number in the space provided in the Application Form. Invalid or third (3<sup>rd</sup>) party CDS accounts will **not** be accepted.

**(iii) Details of payment**

You must state the details of your payment in the appropriate boxes provided in the White Application Form.

**(iv) Number of Shares Applied**

Your application must be for 100 Shares or multiples thereof.

**Step 4: Prepare Appropriate Form of Payment**

Prepare the correct form of payment in RM for the FULL amount payable for the Shares based on the IPO Price, which is RM0.70 per Share.

Payment must be made out in favour of “MIH SHARE ISSUE ACCOUNT No. 489” and crossed “A/C PAYEE ONLY” (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (i) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
- (ii) money order or postal order (for applicants from Sabah and Sarawak only);
- (iii) Guaranteed Giro Order (“GGO”) from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM statement obtained only from any of the following:
  - Affin Bank Berhad;
  - Alliance Bank Malaysia Berhad;
  - AmBank (M) Berhad;
  - CIMB Bank Berhad;
  - EON Bank Berhad;
  - Hong Leong Bank Berhad;
  - Malayan Banking Berhad;
  - Public Bank Berhad; or
  - RHB Bank Berhad.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**


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**Step 5: Finalise application**

Insert the WHITE Application Form with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara ("JPN KP 09")/authority card/certificate of incorporation or certificate of change of name (where applicable)) into Official "A" envelope and seal it. Write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/Resit Pengenalan Sementara ("JPN KP 09")/authority card/valid temporary identity document issued by the National Registration Department/authority card/certificate of incorporation or the certificate of change of name, where applicable. Affix a stamp on Official "A" envelope and insert Official "A" envelope into Official "B" envelope.

**Step 6: Submit application**

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

*Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya,  
Selangor Darul Ehsan  
P.O. Box 13269  
50804 Kuala Lumpur*

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 5.00 p.m. on 13 May 2010.

**16.5 PROCEDURES FOR APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION**

Only Malaysian individuals may apply for our Shares by way of Electronic Share Application in respect of the Shares made available for application by the Malaysian Public.

**16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You must have a CDS account; and
- (c) You are to apply for the Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out on Section 16.5.3 of this Prospectus on the terms and conditions for Electronic Share Applications. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- Personal Identification Number (PIN);
- MIH Share Issue Account Number 489;
- CDS account number;
- Number of Shares applied for and/or the RM amount to be debited from the account; and
- Confirmation of several mandatory statements.

**16.5.2 Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- AFFIN BANK BERHAD;
- AMBANK (M) BERHAD;
- BANK MUAMALAT MALAYSIA BERHAD;
- CIMB BANK BERHAD;
- EON BANK BERHAD;
- HSBC BANK MALAYSIA BERHAD;
- MALAYAN BANKING BERHAD;
- OCBC BANK (MALAYSIA) BERHAD;
- RHB BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).

**16.5.3 Terms and Conditions of Electronic Share Applications**

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 16.5.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application.

In the case of Electronic Share Applications, you must have a CDS account to be eligible to utilise the facility.

You must have an existing account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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Upon the closing of the IPO on 13 May 2010 at 5.00 p.m. (“Closing Date and Time”), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers’ applications for the Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application.

**YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.**

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:
  - You have attained eighteen (18) years of age as at the closing date of the share application;
  - You are a Malaysian citizen residing in Malaysia;
  - You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
  - This is the only application that you are submitting; and
  - You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to the Issuing House, or any relevant regulatory bodies.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (iii) YOU CONFIRM THAT YOU ARE NOT APPLYING FOR SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT YOU MAKE IS MADE BY YOU AS THE BENEFICIAL OWNER. YOU SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the predesignated keys (or buttons) on the ATM keyboard) of the number of Shares applied for shall signify, and shall be treated as, your acceptance of the number of Shares that may be allotted or allocated to you and to be bound by the Memorandum and Articles of Association of our Company.
- (vi) We reserve the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. If your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) Market Days after the balloting date. You may check your account on the fifth (5<sup>th</sup>) Market Day from the balloting day.

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to applicants by the Issuing House by way of cheques issued by the Issuing House. The cheques will be issued to the applicants not later than ten (10) Market Days from the day of the final ballot of the application list.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- (a) To credit the shares allocated to you into your CDS account; and
  - (b) To issue share certificate(s) representing such shares allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the Participating Financial Institution, irrevocably agree that if:
- (a) Our Company or the Issuing House does not receive your Electronic Share Application; and
  - (b) Data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or the Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not make any claim whatsoever against our Company, the Issuing House or the Participating Financial Institution for the Shares applied for or for any compensation, loss or damage.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct, and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- (a) In consideration of our Company agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) Our Company, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**


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- (c) Notwithstanding the receipt of any payment by or on our behalf, the acceptance of your offer to subscribe for and purchase the Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Shares;
  - (d) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allocated to you; and
  - (e) You agree that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Share Application Scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
  - (xiv) The Issuing House, on the authority of our Directors reserves the right to reject applications, which do not conform to these instructions.
  - (xv) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

**16.6 PROCEDURES FOR APPLICATION BY WAY OF AN INTERNET SHARE APPLICATION**

Applications for our Shares by way of Internet Share Application are only applicable for members of the Malaysian public who are individuals.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the Internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

**Step 1: Set-up of account**

Before making an application by way of Internet Share Application, you **must have all** of the following:

- (i) an existing account with access to internet financial services with **Affin Bank Berhad** at [www.affinOnline.com](http://www.affinOnline.com); or **CIMB** at [www.eipocimb.com](http://www.eipocimb.com) or **CIMB Bank Berhad** at [www.cimbclicks.com.my](http://www.cimbclicks.com.my) or **Malayan Banking Berhad** at [www.maybank2u.com.my](http://www.maybank2u.com.my). You need to have your user identification and PIN/password for the Internet financial services facility; and
- (ii) an individual CDS account registered in your name (and not in a nominee's name).

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**Step 2: Read the Prospectus**

You are advised to read and understand the Prospectus before making your application.

**Step 3: Apply through Internet**

*We have set out possible steps for an application of the Shares via Internet Share Application below for illustration purposes only.*

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account;
- (ii) Log in to the Internet financial services facility by entering your user identification and PIN/password;
- (iii) Navigate to the section of the website on applications in respect of IPO;
- (iv) Select the counter in respect of the Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:

- (a) You are at least eighteen (18) years of age as at the closing date of the application for the Shares;
- (b) You are a Malaysian citizen residing in Malaysia;
- (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (d) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus, before making the Internet Share Application;
- (e) The Internet Share Application is the only application that you are submitting for the Shares;
- (f) You authorise the financial institution with whom you have an account to deduct the full amount payable for the Shares from your account with the said financial institution ("Authorised Financial Institution");



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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or the Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (h) You are not applying for the Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (viii) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your money for the IPO;
- (ix) You must pay for the Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. “Confirmation Screen” refers to the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Shares applied for, which can be printed out by you for your records;
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website; and
- (xi) You are advised to print out the Confirmation Screen for reference and retention.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.7 TERMS AND CONDITIONS**

THE TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. PLEASE REFER TO THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR THE EXACT TERMS AND CONDITIONS AND INSTRUCTIONS.

- (i) You are required to pay the IPO Price of RM0.70 for each Share you have applied for.
- (ii) You can submit only one (1) application for the Shares offered to the Malaysian Public. For example, if you submit an application using a White Application Form, you cannot submit an Electronic Share Application or Internet Share Application.

However, if you have made an application under the PINK Application Form, you can still apply for the Shares offered to the Malaysian Public using the WHITE Application Form, Electronic Share Application or Internet Share Application.

The Issuing House acting under the authority of our Directors has the discretion to reject applications that appears to be multiple applications.

**We wish to caution you that if you submit more than one (1) application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMSA.**

- (iii) Your application must be for at least 100 Shares or multiples thereof.
- (iv) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) Our Company or the Issuing House will not issue any acknowledgement of the receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct and identical with the records maintained by Bursa Depository. Otherwise, your application is liable to be rejected. Bursa Depository will have to be promptly notified of any change in your address, failing which the notification letter of successful allocation will be sent to your registered/correspondence address last maintained with Bursa Depository.
- (viii) Your remittances having been presented for payment shall not signify that your application has been accepted.

Our acceptance of your application to subscribe for or purchase the Shares shall be constituted by the issue of notices of allotment for the Shares to you.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (ix) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws of the right of Bursa Depository and the Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us or the Issuing House and any relevant regulatory bodies (as the case may be).

**You agree to accept our decision as final should we decide not to allot any shares to you.**

- (x) Additional terms and conditions for Electronic Share Applications are as follows:
- (a) You agree and undertake to subscribe for or purchase and to accept the number of Shares applied for as stated in the Transaction Record or any lesser amount that may be allotted or allocated to you.
  - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of shares allotted or allocated to you.
  - (c) Should you be allotted any Shares, you shall be bound by our Memorandum and Articles of Association.
  - (d) You confirm that you are not applying for Shares as a nominee of other persons and that your Electronic Share Application is made on your own account as a beneficial owner.
  - (e) You request and authorise us to credit our Shares allotted to you into your CDS account and to issue share certificate(s) representing those Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
  - (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institution or Bursa Depository. You irrevocably agree that you are deemed not to have made an application if we or the Issuing House do not receive your application or your application data is wholly or partially lost, corrupted or inaccessible to us or the Issuing House. You shall not make any claim whatsoever against us, the Issuing House, the Participating Financial Institution or Bursa Depository.
  - (g) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of our Shares allocated to you.
  - (h) You agree that in the event of legal disputes arising from the use of Electronic Share Applications, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xi) Additional terms and conditions for Internet Share Application are as follows:
- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Share Application by the close of the Public Issue mentioned in Section 16.1 of this Prospectus.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted or allocated to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Shares allotted or allocated to you.
- (c) You request and authorise us to credit our Shares allotted to you into your CDS account and to issue share certificate(s) representing those Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
- (d) You irrevocably agree and acknowledge that the Internet Share Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, Bursa Depository, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and/or the Authorised Financial Institution.
- (e) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of our Shares allocated to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Underwriter, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.8 AUTHORITY OF OUR DIRECTORS AND THE ISSUING HOUSE**

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting or allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The Issuing House, on the authority of our Directors, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason; and
- (iii) bank in all application monies from unsuccessful/partially successful applicants which would subsequently be refunded without interest by registered post.

**16.9 OVER/UNDER-SUBSCRIPTION**

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine acceptance of applications. In determining the manner of balloting, our Directors will consider the desirability of distributing the Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares. Pursuant to the Listing Requirements, we need to have a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of this Public Issue. We expect to achieve this at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

Any Shares not subscribed for by the Bumiputera investors under the Offer for Sale II shall be made available for application by the Bumiputera public as part of the IPO balloting process. Thereafter, any Shares that were reallocated to the Bumiputera public (as part of the IPO balloting process) and not taken up by the Bumiputera public, shall be made available for application by the Malaysian public.

Where your successfully balloted application is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within ten (10) Market Days from the date of the final ballot of the application list to your address registered with Bursa Depository.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.10 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful/partially successful in your application, we will return your application monies without interest in the following manner.

**16.10.1 For applications by way of White Application Form**

- (i) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with the Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or "Resit Pengenalan Sementara ("JPN KP 09") or any valid temporary identity document issued by the National Registration Department from time to time.
- (iii) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with the Bursa Depository or as per item (ii) above (as the case may be) within ten (10) Market Days from the date of the final ballot.

**16.10.2 For applications by way of Electronic Share Application**

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within two (2) Market Days after the balloting date. The application monies or the balance of it will be credited into your account with the Participating Financial Institution without interest within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth (5<sup>th</sup>) Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued not later than ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will arrange for a refund of the application money (or any part thereof) without interest within ten (10) Market Days from the date of the final ballot.

**16.10.3 For applications by way of Internet Share Application**

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within two (2) Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to credit the application monies or the balance of it into your account without interest or other benefit arising therefrom with the Authorised Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (ii) You may check you account on the fifth (5<sup>th</sup>) Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued not later than ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof) without interest within ten (10) Market Days from the date of the final ballot.

**16.11 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (i) Our Shares allocated to you will be credited into your CDS account. We will not be issuing any share certificates to you.
- (ii) A notice of allotment will be dispatched to you at the address last maintained with Bursa Depository where you have an existing CDS account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of the application.

**16.12 ENQUIRIES**

You may contact the Issuing House if you have any queries on the White Application Form at 03-7841 8000. If you have any enquiry with regards to your Electronic Share Application, you may refer to the relevant Participating Financial Institution. If you have any enquiry with regards to your Internet Share Application, you may refer to the relevant Internet Participating Financial Institution and Authorised Financial Institution.

If you are applying for the Shares as a member of the Malaysian Public, you may check the status of your application by logging into the Issuing House's website at [www.mih.com.my](http://www.mih.com.my), or by calling the Issuing House at 03-7841 8000 or 7841 8289 or your ADA at the telephone number as stated in Section 17 of this Prospectus between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

## 17. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA Code</b>
<b>KUALA LUMPUR</b>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17 <sup>th</sup> Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: 03-26976333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20782788	086-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel. No.: 03-40433533	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	3rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21781888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Avenue Building Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-20891800	052-009
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: 03-21681168	066-001



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>KUALA LUMPUR (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel. No.: 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	No. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel. No.: 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23a Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel. No.: 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel. No.: 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel. No.: 03-79818811	054-005
JUPITER SECURITIES SDN BHD	7th - 9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20341888	055-001
KAF- SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 <sup>th</sup> -14 <sup>th</sup> Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: 03-2168 8800	053-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>KUALA LUMPUR (Cont'd)</b>		
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21649080	073-001
KENANGA INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel. No.: 03-22871799	073-015
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad)	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: 03-22978888	098-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: 03-22821820	057-002
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel. No. 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 11 & 12, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03-26910200	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel. No.: 03-62575869	056-028

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>KUALA LUMPUR (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel. No.: 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: 03-90587222	056-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1 <sup>st</sup> & 10 <sup>th</sup> Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	058-003
<b>SELANGOR DARUL EHSAN</b>		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77298016	028-003

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
AMINVESTMENT BANK BERHAD	4 <sup>th</sup> Floor, Plaza Damansara Utama No. 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77106613	086-003
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77297345	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: 03-56356688	068-010
INTER-PACIFIC SECURITIES SDN BHD	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel. No.: 03-61371888	054-006
JF APEX SECURITIES BERHAD	6 <sup>th</sup> Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. No.: 03-87361118	079-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	13 <sup>th</sup> Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-79562169	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel. No.: 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel. No.: 03-30057550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 <sup>nd</sup> Floor, TheCurve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7725 9095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel. No.: 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel. No.: 03-60928916	056-047

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-33439180	056-048
PM SECURITIES SDN BHD	No.157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: 03-33415300	064-007
SJ SECURITIES SDN BHD	Level 3, Holiday Villa No. 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-56340202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: 03-80251880	058-005
<b>MELAKA</b>		
CIMB INVETMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel. No.: 06-2898800	065-006
EMC LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: 06- 2881720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box 248 75250 Melaka Tel. No.: 06-3371533	012-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>MELAKA (Cont'd)</b>		
MERCURY SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel. No.: 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel. No.: 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel. No.: 06-2833622	087-002
<b>PERAK DARUL RIDZUAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: 05-6232328	078-009
ALLIANCE INVESTMENT BANK BERHAD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel. No.: 05-6910910	076-008
ECM LIBRA INVESTMENT BANK BERHAD	No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: 05-6222828	052-015
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8060888	068-003

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>PERAK DARUL RIDZUAN (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2559988	068-015
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Berhad)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	066-003
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad)	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2453400	098-002
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel. No.: 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8088229	056-034



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>PERAK DARUL RIDZUAN</b>		
OSK INVESTMENT BANK BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel. No.: 05-4651261	056-044
OSK SECURITIES BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel. No.: 05-7170888	056-052
TA SECURITIES HOLDINGS BHD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Plaza The Teng Seng No. 227, Jalan Raja Permaisuri Bainum 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel. No.: 04-229931	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 <sup>st</sup> Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Tel. No.: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2261818	086-004
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	052-003

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>PULAU PINANG (Cont'd)</b>		
CIMB SECURITIES SDN BHD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-001
HWANGDBS SECURITIES BERHAD	No. 284, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel. No.: 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 <sup>th</sup> Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2 <sup>nd</sup> Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel. No.: 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel. No.: 04-2634222	056-004

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>PULAU PINANG (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Pulau Pinang Tel. No.: 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No, 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel. No.: 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel. No.: 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel. No.: 04-6404888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No. : 04-2273000	064-004
<b>KEDAH DARUL AMAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1 <sup>st</sup> Floor, EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: 04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7317088	076-004

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>KEDAH DARUL AMAN (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: 04-4256666	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel. No.: 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: 04-7209888	056-021
<b>PERLIS INDRA KAYANGAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9793388	056-061
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tuanku Munawir 70000 Seremban Negeri Sembilan Tel. No.: 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7612288	068-007

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>NEGERI SEMBILAN DARUL KHUSUS (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: 06-4553188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No.33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel. No.: 06-4421000	056-037
OSK INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 71200 Bahau Negeri Sembilan Darul Khusus Tel. No.: 06-4553014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel. No.: 06-6461234	056-046
PM SECURITIES SDN BHD	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131	064-002
<b>JOHOR DARUL TAKZIM</b>		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6636658	078-005

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel. No.: 07-3513218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel. No.: 07-5121633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 <sup>st</sup> Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel. No.: 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4342282	086-002
AMINVESTMENT BANK BERHAD	18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3343855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel. No.: 06-4678885	052-005
HWANGDBS INVESTMENT BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692	068-004

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211	054-004
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	073-004
KENANGA INVESTMENT BANK BHD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel. No.: 06-9542711	073-008
KENANGA INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel. No.: 07-9333515	073-009
KENANGA INVESTMENT BANK BHD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel. No.: 07-7771161	073-010
KENANGA INVESTMENT BANK BHD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2227388	061-002

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel. No.: 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1; 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121. Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel. No.: 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel. No.: 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel. No.: 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel. No.: 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel. No.: 06-9787180	056-038



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel. No.: 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel. No.: 07-3522293	056-043
PM SECURITIES SDN BHD	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No. 07-2781813	064-005
PM SECURITIES SDN BHD	Ground & 1 <sup>st</sup> Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008
<b>KELANTAN DARUL NAIM</b>		
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7432288	058-004
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7430077	056-020
<b>PAHANG DARUL MAKMUR</b>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800	076-002

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>PAHANG DARUL MAKMUR (Cont'd)</b>		
ECM LIBRA INVESTMENT BANK BERHAD	B62, Ground Floor Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel. No.:09-5133289	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel. No.: 09-5173811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel. No.: 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel. No.: 05-4914913	056-041
<b>TERENGGANU DARUL IMAN</b>		
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001
ALLIANCE INVESTMENT BANKBERHAD	No. 1D & 1E, Ground & Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6317922	076-009
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel. No.: 09-8583109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No. 09-6261816	056-055

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building Jalan Sagunting 88000 Kota Kinabalu Sabah Tel. No.: 088-313836	065-005
HWANG-DBS SECURITIES BERHAD	Room No. 106-109, Mezzanine Floor Room No. 207-212, 2nd Floor Gaya Centre, Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel. No.: 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamuning 88100 Kota Kinabalu Sabah Tel. No.: 088-234090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamuning 88000 Kota Kinabalu Sabah Tel. No. : 088-269788	056-010
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Room Nos. 106-109, Mezzanine Floor, Room Nos. 207-212m 2 <sup>nd</sup> Floor Gaya Centre, Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel. No.: 088-311688	068-008
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel. No.: 089-229286	056-057

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>SARAWAK</b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel. No.: 082-358606	065-004
TA SECURITIES HODLINGS BERHAD	12G, H & I, Jalan Kampong Datu 96000 Sibul Sarawak Tel. No. : 084-319998	058-002
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel. No: 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1 <sup>st</sup> Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel. No.: 084-313855	073-012

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	ADA Code
<b>SARAWAK (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6 <sup>th</sup> Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel. No.: 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2 <sup>nd</sup> Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel. No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel. No.: 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel. No.: 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No.177, Taman Sri Dagang 97000 Bintulu Sarawak Tel. No.: 086-311700	056-053
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel. No.: 082-236333	058-006