**OCK Group Berhad** (955915-M)

No. 18, Jurunilai U1/20,
Seksyen U1,
Hicom Glenmarie Industrial Park,
40150 Shah Alam,
Selangor Darul Ehsan,
Malaysia.

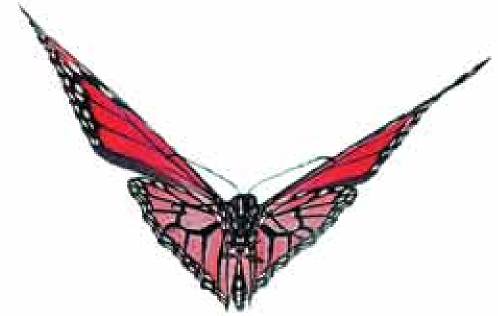
Tel : +603-5565 9688
Fax : +603-5565 9699

www.ock.com.my

OCK Group Berhad (955915-M)

Annual Report **2014**

# OCK GROUP BERHAD
(955915-M)



## *JOURNEY OF SUCCESS*

Annual Report **2014**


# JOURNEY OF SUCCESS

## Annual Report 2014

# VISION

To be a Leading Telecommunication Service and Green Renewable Energy Provider.

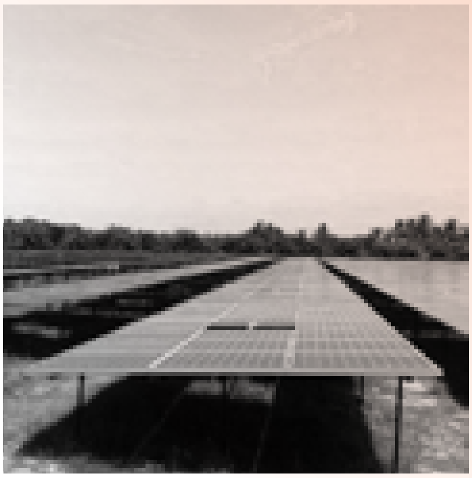
# MISSION

To dedicate ourselves to provide excellence services exceeding our Customer's expectation.

# CONTENTS










# CORPORATE MILESTONES

- **2000**
  - OCK Setia Engineering Sdn. Bhd. was established Setia
- **2004**
  - Registered as Approved Service Provider(ASP) with Ericsson and Alcatel-Lucent
- **2005 - 2010**
  - Inflow of contracts awarded by various cellular Telco operators and Telco equipment vendors
- **2011**
  - Awarded Network Facility Provider(NFP) license from MCMC to be a Tower Leasing Company
- **2012**
  - Listed on the Ace Market of Bursa Malaysia Securities Berhad
- **2013**
  - Lembaga Tabung Angkatan Tentera ("LTAT") emerged as substantial shareholders with more than 15% stake
  - Launch of RM150 million SUKUK Programme for the expansion plan in the Telco Division
- **2014**
  - Emerged as **RHB's Top** 5 Malaysia Small Cap Jewels
  - **Private placement** of 20% paid up share capital
  - Bonus Issue of 176,053,636 new shares on 1 for 2 basis
  - Completed 85% acquisition of PT Putra Mulia Telecommunications, Indonesia
  - **Transfer of listing** from the ACE Market to the Main Market of Bursa Malaysia Securities Bhd.

# ABOUT OCK GROUP BERHAD

OCK Group is an expanding group of companies with a number subsidiary companies. Since our establishment, OCK Group has ventured into four major business divisions that expound our business footprint in the industry: Telecommunication Network Services, Trading of Telecommunication and Network Products, Green Energy and Power Solutions, as well as M&E Engineering Services.

OCK Group is principally involved in the provision of telecommunication services equipped with the ability to provide full turnkey services. Our service offering comprehensively covers services from all six segments of the telecommunication network services market: network planning, design and optimization, network deployment, network operations and maintenance, energy management, infrastructure management, and other professional services. As a Network Facilities Provider (NFP) Licensee, we are able to build, own and rent telecommunication towers and rooftop structures to the telecommunication operators in Malaysia.OCK Group also trades in telecommunication hardware and installation of materials such as antennas, feeder cables, connectors etc. This business division complements the core business of the Group as it acts not only as a materials supplier to the Group but to other telecommunication network service providers and operators as well.

As our businesses expand, OCK Group has ventured into Green Energy and Power Solutions, an imminent and a rapidly increasing industry in Malaysia. Concurrently, we are active in the construction of solar farms as well as supplying power generation equipment for commercial, retail and factory buildings, and inclusive of installation, commissioning and testing services.

M&E is one of the core businesses of OCK Group that provides mechanical and electrical services to housing development projects, commercial high-rise buildings, factories, infrastructures, airports, medical centres and hotels. We are capable of providing project management, supply and installation of most mechanical and electrical services.

In 2014, OCK Group has achieved several significant milestone. The Group has successfully transfer its listing status to the Main Market of Bursa Securities Malaysia on 20 November 2014. We are also growing rapidly with new establishments overseas. In addition, to Fortress (Singapore), OCK Phnom Penh (Cambodia), OCK Yangoon (Myanmar) and Fuzhou 1 Net (Fuzhou, China), we are expanding our business footprint further across the region with the acquisition of 85% equity interest in PT Putra Mulia Telecommunication (PMT), a company that provides managed services in Indonesia.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Syed Norulzaman Bin Syed Kamarulzaman**
*Senior Independent Non-Executive Chairman*

**Abdul Halim Bin Abdul Hamid**
*Deputy Chairman*

**Ooi Chin Khoon**
*Group Managing Director*

**Low Hock Keong**
*Executive Director*

**Chang Tan Chin**
*Executive Director*

**Chong Wai Yew**
*Executive Director*

**Fu Lit Fung**
*Independent Non-Executive Director*

**Lee Yow Fui**
*Independent Non-Executive Director*

**Dato' Mohd Som Bin Ibrahim**
*Non Independent and Non-Executive Director*

## AUDIT COMMITTEE

*Chairman*
**Dato' Syed Norulzaman Bin Syed Kamarulzaman**

*Members*
**Fu Lit Fung**
**Lee Yow Fui**

## NOMINATION COMMITTEE

*Chairman*
**Dato' Syed Norulzaman Bin Syed Kamarulzaman**

*Member*
**Fu Lit Fung**
**Lee Yow Fui**

## REMUNERATION COMMITTEE

*Chairman*
**Dato' Syed Norulzaman Bin Syed Kamarulzaman**

*Member*
**Ooi Chin Khoon**
**Lee Yow Fui**

## COMPANY SECRETARY

Wong Youn Kim
(MAICSA 7018778)

## REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Tel : (603) 2241 5800
Fax : (603) 2282 5022

## CORPORATE OFFICE

No. 18, Jalan Jurunilai U1/20
Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

Tel : (603) 5565 9688
Fax : (603) 5565 9699
website: www.ock.com.my

# CORPORATE INFORMATION
(cont'd)

## AUDITORS

Baker Tilly Monteiro Heng
(AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Tel : (603) 2297 1000
Fax : (603) 2282 9980

## SHARE REGISTRAR

Tricor Investor & Issuing
House Services Sdn Bhd
(11324-H)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : (603) 2264 3883
Fax : (603) 2282 1886

## PRINCIPAL BANKERS

AmIslamic Bank Berhad (295576-U)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel : (603) 2026 3939
Fax : (603) 2026 6855

Industrial and Commercial
Bank of China (M) Berhad
(839839-M)
Ground Floor, Wisma Equity
150 Jalan Ampang
50450 Kuala Lumpur

Tel : (603) 2380 8628
Fax : (603) 2380 8668

Malaysia Debt Ventures Berhad (578113-A)
Level 5, Menara Bank Pembangunan
1016, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel : (603) 2617 2888
Fax : (603) 2697 8998

RHB Bank Berhad (6171-M)
Jalan Kenanga,
Lot LGF 019-021
Lower Ground Floor
Kenanga Wholesale
City 28, Jalan Gelugor
Off Jalan Kenanga
55800 Kuala Lumpur

Tel : (603) 9280 6068
Fax : (603) 9287 9000

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities
Berhad (30632-P)
Stock Name : OCK
Stock Code : 0172

# CORPORATE STRUCTURE

**OCK GROUP BERHAD** (955915-M)

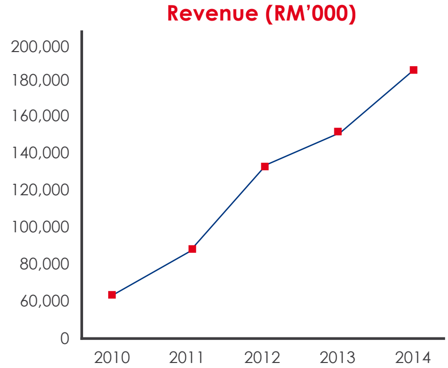
- **100%** OCK Setia Engineering Sdn. Bhd.
  - **100%** Delicom Sdn. Bhd.
  - **100%** OCK Yangon Co. Ltd. (Myanmar)
  - **52%** El power Technologies Sdn. Bhd.
  - **100%** Fortress Pte. Ltd. (Spore)
    - **100%** Fortress Distribution Sdn. Bhd.
  - **61%** Firatel Sdn. Bhd.
  - **51%** Steadcom Sdn. Bhd.
  - **51%** Dynasynergy Services Sdn. Bhd.
  - **100%** OCK M&E Sdn. Bhd.
- **100%** OCK International Sdn. Bhd.
  - **100%** OCK Phnom Penh Pte. Ltd.
  - **51%** Fuzhou 1-Net Solution Co. Ltd.
  - **85%** PT Putra Mulia Telecommunication
  - **100%** OCK Telco Infra Pte. Ltd.
    - **70%** MIN-OCK Infrastructure Pte. Ltd.
- **100%** OCK Ventures Sdn. Bhd.
  - **65%** OCK Industries Sdn. Bhd.
  - **100%** Massive Connection Sdn. Bhd.
- **100%** Milab Marketing Sdn. Bhd.

# FINANCIAL HIGHLIGHTS

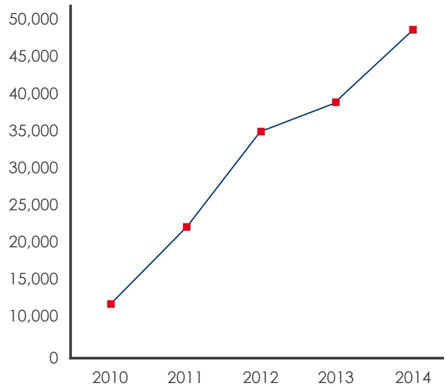
| For Year Ended 31 DECEMBER | | PROFORMA (AUDITED) 2010 | 2011 | AUDITED 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Revenue | RM'000 | 66,778 | 88,325 | 138,602 | 152,163 | 185,892 |
| Gross Profit | RM'000 | 11,890 | 22,413 | 35,464 | 39,225 | 48,579 |
| GP Margin | % | 17.81 | 25.38 | 25.59 | 25.78 | 26.13 |
| Profit Before Taxation (PBT) | RM'000 | 4,989 | 12,330 | 19,043 | 21,159 | 23,757 |
| PBT Margin | % | 7.47 | 13.96 | 13.74 | 13.91 | 12.78 |
| Profit After Taxation (PAT) | RM'000 | 3,516 | 9,200 | 13,954 | 15,291 | 17,056 |
| PAT Margin | % | 5.27 | 10.42 | 10.07 | 10.06 | 9.18 |
| Profit For The Year Attributable To Equity Holders | RM'000 | 3,378 | 8,523 | 13,148 | 13,582 | 15,587 |
| Basic Earnings Per Share # | sen | - | - | 5.10 | 4.99 | 4.66 |

*Notes:*
*2010 and 2011 Proforma Accounts are for comparison purposes only and should be read in conjunction with the Proforma Consolidate Financial Information and Accounts as disclosed in the Prospectus dated 29 June 2012.*
*** The net EPS is computed based on the consolidated PAT divided by the number of Shares in issue during the financial year*
*# Basic earnings per share is calculated based on the net profit for the financial year divided by the weighted average number of ordinary shares in issued during the financial year.*

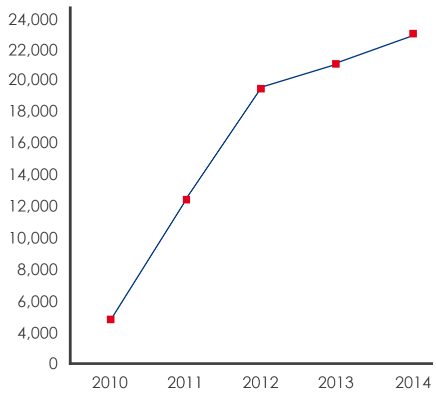
**Revenue (RM'000)**



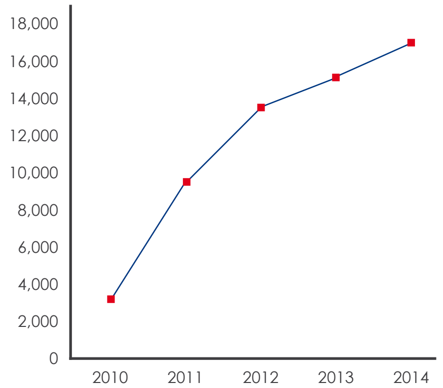

**Gross Profit (RM'000)**




**Profit Before Tax (RM'000)**




**Profit After Tax (RM'000)**



# DIRECTORS' PROFILE

**Dato' Syed Norulzaman Bin Syed Kamarulzaman**

*Malaysian, Aged 66, Senior Independent Non-Executive Chairman (Appointed on 3 January 2013)*

Dato' Syed Norulzaman Bin Syed Kamarulzaman is our Independent Non-Executive Chairman. Dato' Syed Norulzaman holds a Bachelor of Arts (Honours) Degree from the University of Malaya.

Upon graduation from the University of Malaya, Dato' Syed Norulzaman Bin Syed Kamarulzaman joined the Administrative and Diplomatic Service of the Malaysian Government in 1973 and was assigned to the Ministry of Foreign Affairs. Dato' Syed Norulzaman served in different capacities in the Ministry's Political and Administration divisions as well as in Malaysia's diplomatic mission in Geneva, Baghdad, Ottawa and Jakarta. In September 1994, Dato' Syed Norulzaman was appointed as Malaysia's Ambassador to Spain where he served for 3 years. On returning to Kuala Lumpur in November 1997, he assumed the post of Undersecretary for East-Asia and South-Asia at the Ministry of Foreign Affairs, prior to his appointment to head the Institute of Diplomacy and Foreign Relations, Prime Minister's Department, as its Director General in June 1999. He returned to the Ministry of Foreign Affairs in November 2001 before his appointment as Malaysia's Ambassador to the Kingdom of Thailand, a position he held until January 2005. He was subsequently appointed as Malaysia's Ambassador to the People's Republic of China, based in Beijing where he served for 5 years till December 2009 before returning to Malaysia to retire from government service.

Upon his return to Malaysia, Dato' Syed Norulzaman was appointed as Public Interest Director at the Federation of Investment Managers Malaysia (FIMM), a position he held until August 2012. He is currently a Director of Malaysia China Business Council (MCBC). Dato' Syed Norulzaman is also the Chairman of Mah Sing Foundation, a charitable organisation providing assistance to the needy within the community.

He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company, respectively.

**Abdul Halim Bin Abdul Hamid**

*Malaysian, Aged 48,*
*Deputy Chairman*
*(Appointed on 31 October 2011)*

Abdul Halim Bin Abdul Hamid is our Group Deputy Chairman. Encik Halim completed his secondary education at Sekolah Menengah Tuanku Abdul Rahman Putra, Selangor in 1985.

Encik Halim has more than 20 years' experience in telecommunications engineering services industry. Prior to his venture into telecommunications industry, he commenced his business ventures in the food and beverage sector by offering local cuisine in various locations in the state of Selangor, such as food courts and school canteens from 1986 to 1991.

Encik Halim started his career in telecommunications industry as a supervisor with Mognas Communication Sdn Bhd. Mognas Communication Sdn Bhd was one of the pioneering network deployment companies in Malaysia in the 1990s. He subsequently moved to Rank Liberty Sdn Bhd in 1996 as a Senior Supervisor before joining Prospective Goals Sdn Bhd as its Project Manager in 1997. Accordingly, Encik Halim is also one of the pioneers who contributed in the telecommunications industry whereby he had contributed in terms of introducing various kinds of telecommunication structures and equipment in Malaysia. In 2007, Encik Halim acquired shares in the Group's subsidiary companies, namely OCK Setia Engineering Sdn Bhd and Delicom Sdn Bhd. Since then, Encik Halim progressively develops his contribution in OCK by overseeing the day to day technical aspect of OCK.

He also play his role as our Executive Director for OCK Group of Companies Safety Health and Environment committee to ensure OCK daily activity conform to related regulation. He also assiting OCK especially dealing with Government body.

# DIRECTORS' PROFILE
(cont'd)

**Ooi Chin Khoon**

*Malaysian, Aged 47,*
*Group Managing Director*
*(Appointed on 31 October 2011)*

Ooi Chin Khoon is our Group Managing Director. Mr.Ooi graduated from Tri-State University, now known as Trine University, Indiana, United States of America, with a Bachelor's Degree in Electrical and Electronics Engineering in 1996. Prior to that, he obtained a Diploma in Electrical and Electronic Engineering from TAFE College in Negeri Sembilan in 1992.

Mr. Ooi began his career in 1992 as an Electrical Engineer at Cobrain Holding Sdn Bhd and was promoted as its Project Manager in 1994. He left the industry briefly to continue his studies in electrical and electronic engineering and rejoined the company in 1996 as a Senior Project Manager and was promoted to the position of Contract Manager in 1998 whereby he was tasked with the responsibility of customer contracts management. In 1999, Mr. Ooi founded OCK Setia Engineering Services as sole proprietorship and later expanded the business with the incorporation of OCK Setia Engineering Sdn Bhd ("OCK Setia") in 2000. Currently, Mr. Ooi is the Managing Director of our Group. Apart from managing the operations of our Group, he is also responsible for formulating and executing the business strategies of our Group. He plays key role in driving the growth, development, transformation and strategic direction of our Group.

Mr. Ooi is a member of the Remuneration Committee.

**Low Hock Keong**

*Malaysian, Aged 44,*
*Executive Director*
*(Appointed on 31 October 2011)*

Low Hock Keong is also our Group Chief Operating Officer. In 1994, Mr. Low graduated from Monash University, Melbourne, Australia with First Class Honours in his Bachelor's Degree of Electrical and Computing. In 1997, he completed his Master of Engineering Science from University of Malaya.

Mr. Low began his career with Mutiara Telecommunication Sdn Bhd, now known as DiGi, as a Transmission Engineer in 1995. After two (2) years, he joined Andersen Consulting Sdn Bhd, now known as Accenture Solutions Sdn Bhd, as an analyst focusing on Software System Development and Telecommunications. In 1999, Mr. Low joined Alcatel Network System (M) Sdn Bhd, now known as Alcatel-Lucent, as a Radio Frequency Planning and Optimisation Engineer. He was later promoted to the position of Regional Radio Frequency Manager before he took up the role to head and lead the Radio Planning and Optimisation team that supports various projects in the region. In 2006, Mr. Low joined us as our General Manager. He is responsible for overseeing the Group's overall daily operations.

# DIRECTORS' PROFILE
(cont'd)

**Chang Tan Chin**

*Malaysian, Aged 47,*
*Executive Director*
*(Appointed on 31 October 2011)*

Chang Tan Chin is also our Group Technical Director. Mr. Chang graduated from University of Hertfordshire, United Kingdom in 1995 with a Bachelor's Degree in Electrical and Electronic Engineering. In 2000, he became a member of the Institution of Engineers Malaysia. In the same year, he was a recognised Professional Engineer by Board of Engineers in Malaysia.

Mr. Chang started his career with Perunding KDI Sdn Bhd as an Electrical Engineer after graduating in 1995. In 1997, he joined Technic Delta M&E Engineering Sdn Bhd as an Electrical Engineer before joining Transframe Sdn Bhd as Project Manager in 1998. In 2003, he joined SRL Electrical Engineering Sdn Bhd as its Project Manager prior to accepting the position of Technical Director at OCK M&E Sdn Bhd in 2005 where he monitors the overall project planning and implementation, manages procurement planning and delivery and project cash flow projections. He is currently the head of our M&E division and also head of 150 standards to monitor all projects QA and QC requirements and standards.

# **DIRECTORS' PROFILE**
(cont'd)

**Chong Wai Yew**

*Malaysian, Aged 45,*
*Executive Director*
*(Appointed on 31 October 2011)*

Chong Wai Yew is also one of our Group's Project Management Directors. Mr. Chong graduated from University of East London with a Bachelor's Degree in Electrical and Electronic Engineering in 1996.

Mr. Chong's began his employment in 1996 with United Perunding & Associate Sdn Bhd in Kuala Lumpur, where he worked as Consultant Engineer. Subsequently, he joined OCK Setia Engineering Sdn Bhd in 2002 as our Project Director and was subsequently promoted to be our Project Management Director in 2008. He is responsible for overseeing the Network Facility Provier (NFP) division and the renewable energy division.

# DIRECTORS' PROFILE
(cont'd)

**Lee Yow Fui**

*Malaysian, Aged 44,*
*Independent*
*Non-Executive Director*
*(Appointed on 8 June 2012)*

Lee Yow Fui is our Independent Non-Executive Director. Mr. Lee graduated from Monash University, Melbourne, Australia in 1995 with a Bachelor's Degree of Business (Accounting). He was admitted as a member of Certified Practising Accountant (CPA) Australia in 1998 and as a Public Accountant by the Malaysian Institute of Accountants in 1999. In 2008, Mr. Lee completed his Master of Business Administration (Business and Accountancy) from University of Malaya.

In 1996, he joined Moores Rowland as an Audit Junior. In 1997, he moved to Deloitte & Touche and subsequently promoted as an Audit Senior responsible for leading teams in audits in amongst others civil engineering, construction and semi-conductor manufacturing industries.

He subsequently left the professional services industry in 2000 and joined Richard's Lighting Sdn Bhd as Finance and Administration Manager whereby he was in charge of managing the group accounts and supervising of the finance and administrative departments. He subsequently moved to Newspage (Malaysia) Sdn Bhd as their Finance and Administration Manager in 2001.

Mr. Lee has been the partner in Y.F Lee & Associates since 2002 to current, providing audit and taxation services as well as assisting businesses develop accounting systems and accounting internal controls. He is also a finance director in Brightstar Distribution Sdn Bhd, a company distributing mobile phones, since 2009. His role in Brightstar Distribution Sdn Bhd is to be in charge of finance related matters of the company and to improve on the working procedures and compliance and enhance work efficiency within departments of the company.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company, respectively.

# DIRECTORS' PROFILE
(cont'd)

**Fu Lit Fung**

*Malaysian, Aged 46,*
*Independent*
*Non-Executive Director*
*(Appointed on 8 June 2012)*

Fu Lit Fung is our Independent Non-Executive Director. Mr. Fu graduated with a Bachelor of Business majoring in Accounting from Monash University, Melbourne, Australia in 1997. He was attached to Dandag (M) Sdn Bhd as an Accounts Executive in 1993. Subsequent to his graduation, he was an Auditor in Leslie Yap & Co. from 1998 to 1999. Prior to his current position, he was the Finance and Administration Manager of BASIS Corporation Sdn Bhd from 1999 to 2004.

He is currently an Executive Director of Logical Force Sdn Bhd whose principal businesses are dealing in IT gadgets and accessories, photography equipment and accessories and also provision of high-end security systems for local and international markets. He is the member of the Audit Committee and Nomination Committee of the Company, respectively.

He is also an Independent Non-Executive director of Nexgram Holdings Berhad (formerly known as Nextnation Communication Berhad) and Wintoni Group Berhad (formerly known as Winsun Technologies Berhad), companies listed on the ACE Market of Bursa Securities.

# DIRECTORS' PROFILE
(cont'd)

**Dato' Mohd Som Bin Ibrahim**

*Malaysian, Aged 61,*
*Non-Independent*
*& Non-Executive Director*
*(Appointed on 9 December 2013)*

Rear Admiral Dato' Mohd Som Bin Ibrahim ("RADM Dato' Mohd Som") (Retired) began his career in the Royal Malaysia Navy ("RMN") as a Cadet Officer in September 1973. He received his Naval Training in the Britannia Royal Naval College Dartmouth, United Kingdom ("UK") in 1974 and was commissioned as a Sub-Lieutenant in January 1977. He became a specialist in Navigation after passing the course in 1980 in the UK.

With more than 37 years of service, RADM Dato' Mohd Som served on board many ships and shore jobs. He commanded 5 RMN warships from 1981-2004, including the 4400 tons Multi-role Support ship KD MAHAWANGSA.

Besides the sea service, he also held several shore appointments in the Malaysian Armed Forces. Among the notable ones are as Assistant Defense Advisor Embassy of Malaysia in Jakarta (1990-1993), Director of Operations (1998-2002) and as Deputy Head of Mission to the Malaysia Lead International Monitoring Team in Mindanao (2006). RADM Dato' Mohd Som held the post of Assistant Chief of Staff Communications and Electronics of the Armed Forces in 2007. Before his retirement in February 2011, he was appointed as The Naval Region Commander Area 1, based in Tanjung Gelang, Kuantan. In this capacity he was involved in many inter agency cooperation maritime security and communications market of South East Asia countries.

RADM Dato' Mohd Som has attended many courses both local and abroad. He attended the Navigation Course in UK (1980), Naval Staff College, Jakarta (1988) and Defense College Course Kuala Lumpur (1997). He obtained his Advance Diploma in Business Engineering Management from University Technology Malaysia (UTM) in 1999.

**Other Information:**

1. There are no family relationships amongst the Directors and/or major shareholders of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors of the Company has been convicted for offences other than traffic offences (if any) within the past ten years.

# *Impetus for Progress*

# CHAIRMAN'S STATEMENT

**Dato' Syed Norulzaman Bin Syed Kamarulzaman**
*Senior Independent Non-Executive Chairman*

**Dear Valued Shareholders,**

As Group Chairman of OCK Group Berhad ("OCK" or the "Group"), it gives me great pleasure to present to you the Annual Report and Financial Statement of the Group for the financial year ended 31 December 2014.

# CHAIRMAN'S STATEMENT
(cont'd)

Despite market challenges, the telecommunication industry during the financial year remained to be a safe haven for both investors and service providers. Leveraging on the industry positive performance and government initiatives, OCK delivered a revenue oF RM185.9 million for FYE 2014 translating to a 22% increase compared to FYE 2013. The Group also achieved a strong growth in profit before tax ("PBT") and profit after tax ("PAT") of RM23.8 million and RM17.1 million, representing an increase of 12.3% and 11.5% respectively.

## FOCUS AND IMPLEMENTATION

OCK's strong and steady financial growth is a result of the Group's disciplined focus and strategic planning to ensure that the Group is in a position to capitalise on industry growth and opportunities.

During FYE 2014, OCK expanded its regional presence in various emerging markets and positioned itself to capitalise on the region exponential growth of the telecommunication industry. We successfully acquired 85% equity of PT Putra Mulia Telecommunications ("PMT"), a telecommunication managed services company in Indonesia. As at 31 December 2014, PMT provides managed services for more than 11,000 telco sites across Indonesia. Another new subsidiary, OCK Telco Infra Pte Ltd was incorporated in Singapore to capture the opportunities to act as the platform in invest in regional tower leasing business.

## EXPANDING OUR SERVICE OFFERINGS

Domestically, OCK has been continuously working on on-going LTE deployments. In addition to that, we have been expanding our service offering into managed services and fibre installation in order to build our recurring income stream while simultaneously meeting growing industry demands. Under our managed services in Malaysia, OCK manages more than 4,000 telecommunication sites for leading telecommunication service providers.

OCK foresees that managed service offerings will be one of the key growth driver to the Group's revenue as many telecommunication service providers are paying strong emphasis on operational efficiency and cost management. Hence, the decision to move towards outsourcing their managed services for these players.

Further enhancing the Group's recurring income stream is OCK's green energy and power solutions segment. As a qualified engineering, procurement and construction (EPC) contractor, for FYE 2014

OCK completed EPC project works for 3 rooftop solar farms.

In line with the Group's expansion plans, OCK has also been heavily investing in growing the number of professional expertise and talents. Our philosophy has always been to be prepared for our future undertakings. In view of an optimistic year ahead and equipping ourselves for future expansions, we believe that it is essential to have the right people to support our potential growth.

Thus, I would like take this opportunity to welcome Dr. Yap Wai Khee who was appointed as our Group CEO on the 5th January 2015. Dr. Yap brings 21 years of experience in strategy and commercials, with 16 years of experience in the telecommunication industry. OCK believes that, Dr. Yaps leadership will further enhance and support the Group's strategic growth moving forward.

## CORPORATE DEVELOPMENTS

Marking a golden corporate milestone for OCK Group Berhad in 2014 was the successful transfer and listing on the Main Market of Bursa Malaysia Securities Berhad. In light of our Main Market listing, OCK hopes that this will be a recognition of OCK's success in the industry and a testament of the Group's execution capabilities moving forward.

The Group has further strengthened its capital structure by undertaking new shares issuance in 2014. On the 26th June 2014, OCK completed a 20% private placement in two tranches of 28,490,000 shares each raising RM74.07 million. Further to that, on 27th November 2014, OCK issued a total of 176,053,636 bonus shares on a basis of 1 bonus share for every 2 existing shares as a reward to our faithful shareholders.

# CHAIRMAN'S STATEMENT
(cont'd)





## MOVING FORWARD

Moving onwards, we are looking forward for telecommunications service providers to invest heavily to upgrade their networks to be able to support LTE to accommodate the escalating demand for broadband in Malaysia.

As announced in Budget 2014 and Budget 2015, the Government has an investment commitment of RM3.0 billion to build 2,000 telecommunication towers in rural areas. The first phase of towers amounting to 400 towers has been awarded, and the Group will continuously bid for the next few phases of towers that will be awarded in the coming months.

OCK will also be seeking future opportunities in building and leasing more telecommunication sites to increase our recurring income stream to sustain our strong balance sheet.

Apart from focusing on telecommunication network services, the Group will be looking at expanding the contribution from its renewable energy division to build and potentially own more solar farms or other renewable energy plants to strengthen the Group's recurring income.

## APPRECIATION

On behalf of the Board of Directors, I would like to express our heart-felt thanks to all our customers, vendors, suppliers, consultants, associates, bankers and business partners for their continued business, support, loyalty, advice, cooperation and trust. Most importantly, to one of the most important and valued assets of our Group, our management and staff – I wish to take this opportunity to express our gratitude and appreciation for your continued hard work and commitment to the OCK.

To our valued Shareholders and the Board of Directors, I thank you for your endless support, confidence and trust in us. We will continue to work hard in the creation and preservation of shareholders value in the Group.

**Dato' Syed Norulzaman Bin Syed Kamarulzaman**
*Senior Independent Non-Executive Chairman*

# MANAGEMENT REVIEW

**Ooi Chin Khoon**
*Group Managing Director*

2014 marked a significant year of growth for OCK Group Berhad ("OCK" or "the Group") as it carved some defining corporate milestones towards the Group's mounting success.

# MANAGEMENT REVIEW
(cont'd)

## SUSTAINING FINANCIAL STRENGTH

Since the Group's listing, OCK has been delivering compelling financial performance maintaining double-digit growth year on year. OCK has been generating strong organic growth in Malaysia, which has been handsomely complemented by the Group's expansion plans to regional markets, the broadening of its service offerings to include fiber works and managed services and its entry into the renewable energy business.

Our disciplined approach in quality investment and consistent focus on achieving our long term strategy is key to driving our strong and sustainable growth. We believe that this is what is vital to realizing our long-term potential of our business.

The Group's financial year ended 31 December 2014 hit a new high since OCK was listed on Bursa Malaysia with a revenue of RM185.9 million and a profit after tax (PAT) of RM17.0 million; an increase of 22% and 11.5%, respectively as compared to FYE 2013.

OCK's strong financial performance for FYE 2014 was largely driven by:

1. New strong contribution from the acquisition of PT Putra Mulia Telecommunication ("PMT"), our new Indonesia's subsidiary in the 2nd half of 2014
2. Stronger regional contributions from the fiber laying contract in Cambodia and maiden contribution from other regions such as China and Myanmar.
3. On-going LTE related EPC contacts in Malaysia as major telecommunication service providers upgrade their network to LTE.
4. Increased contribution from recurring managed services works in Malaysia; and
5. New fiber laying contracts secured from major telecommunication service providers in Malaysia

The management expect continual increase on its recurring income stream from managed services works and renewable energy segment to maintain the Group's strong financial performance with strong growth coming from its regional business.

## TELECOMMUNICATION NETWORK SERVICES

Through over 10 years of market experience, disciplined focus and investment – OCK understands and identifies with the most effective and efficient requirements to provide a full suite of end to end services to the telecommunication services providers and to be valued as their trusted business partner.

Today, OCK is the leading telecommunication network provider in Malaysia with business presence in Malaysia, Singapore, Indonesia, China, Myanmar and Cambodia. As at the 31 December 2014, OCK provides managed services to more than 15,000 sites for leading telecommunication providers across Malaysia and Indonesia.

OCK is uniquely positioned to capture opportunities arising across the market as the Group has the resources and expertise to provide total solutions across all segments of the telecommunication network services.

OCK is fully licensed with the Network Facility Provider License (NFP) and the Network Services Provider License (NSP) enabling it to offer a comprehensive and professional service offering as a full turnkey service provider in the industry. The Group also offers other services, including site acquisition, zoning and site permitting services and structural analysis services.

In the 2nd Half of FYE 2014, OCK had further secured a contract from the Malaysian Communications and Multimedia Commissions (MCMC) for the Universal Services Provisioning (USP) T3 contract for the construction of 30 telco sites in under-served rural areas under Phase 1. The Group expect this contract to contribute positively to Group revenue in FYE 2015 and provide a good platform for OCK to tender for more USP Project from MCMC in the FYE 2015.

# MANAGEMENT REVIEW
(cont'd)

***MANAGED SERVICES***

The Group is currently managing over 11,000 telecommunication sites in Indonesia and approximately 4,300 sites in Malaysia. The Group's extended managed service offering further enhances the Groups avenues of recurring income in which is one of the Group's key focus and business strategy.

## GREEN ENERGY AND SUSTAINABLE POWER SOLUTIONS

On a global scale the development and good practices of a green environment has cultivated a strong wave among the society and Malaysia is also building momentum in this aspect. This business segment was first developed to provide sustainable power solutions to complement our telecommunication network services. Since then, OCK has incubated a team of expertise to serve the green energy market demand as an engineering, procurement and construction (EPC) contractor – with our expertise mainly directed to solar energy. Our track record in this segment includes the completion of a ten (10) megawatt (MW) rooftop solar farm located at Sepang, in which the construction was completed within 6 months in FYE 2013. During FYE 2014, OCK had further completed the construction three (3) rooftop solar farms totaling 1.15 MW.

In view of strong growing trends of renewable energy in Malaysia coupled with Government initiatives, OCK believes that there are ample market opportunities and growth for this segment.

***EXPANDING OUR HORIZONS***

As part of the Group long term strategic plan to expand beyond Malaysia, on 12 November 2014, OCK successfully solidified its regional footprint in Indonesia through its acquisition of PT Putra Mulia Telecommunications (PMT), which will contribute substantially to the Group's revenue moving forward. This strategic acquisition provides a strong leverage into the Indonesian market; an emerging market where there is a strong growth in mobile telecommunication networks. The inclusion of PMT's business has increased OCK's portfolio of managed services sites to more than 11,000 telecommunications sites across Indonesia. As PMT is only covering less than 10% of the current Indonesian market of more than 120,000 telecommunication sites, the management foresees strong market potentials of the Group to further expand its portfolio of managed services in Indonesia.

Other overseas expansion initiatives that we had made regionally include incorporation of a subsidiary in Singapore, OCK Telco Infra Pte. Ltd. (OCK Telco) to act as the platform in invest in regional tower leasing business.

In Cambodia, we are had secured projects for fiber works, of telecommunication.

In Fuzhou, China, our wholly owned subsidiary 1-Net Solution Co. Ltd. (1-Net Solution) main focus is to supply OCK's team of expertise for strategic advice and planning to the technology providers and telecommunication operators in the booming telecommunication industry of China.

***CORPORATE MILESTONES***

One of the main highlights for OCK during the year was the Group's successful transfer to the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on the 20 November 2014 after only 2 years being listed in the ACE Market. The transfer is a testimony of our strong growth and success in the industry. This migration has enhanced our investor base with increase institutional investor interest. The management strongly believes that being listed on Main Market of Bursa Malaysia will further strengthened OCK's corporate platform and reputation to further expand the Group's business in Malaysia and overseas.

## Investment in Human Capital

The Group believe that its most valuable assets remains its human capital and continue to strengthen its organization with new human capital to bring new skillset to the Group. In line with that, I am happy to welcome Dr. Yap Wai Khee who was appointed as our Group CEO on the 5th January 2015. Dr. Yap with his vast 21 years of experience in strategy, commercials and telecommunication industry will further enhance and support the Group's strategic growth moving forward.

The Group total staff force has strengthened from 505 in FYE 2013 to 1,412 by the end of FYE 2014; this provide a strong base to undertake more projects moving forward in FYE 2015.

## INDUSTRY OUTLOOK

### *TELECOMMUNICATION NETWORK SERVICES*

Looking towards the year ahead, there are several factors that sees 2015 to be another positive year for the telecommunication industry.

1. Smartphone penetration is expected to reach 54.3% as ASP plummet and continue to drive data revenue

2. Emphasis on cost due to heavier competition; outsourcing is a more sustainable business model for the telecommunication service providers

3. Surging wireless data usage in our society is continuously driving up the demand for wider connection. There are various factors that contributes to this increasing demand i.e. advancing smartphones, tablets, mobile video', social media and so forth that is requiring higher band-width connection. To support these usage trends telecommunication service providers are aggressively investing in the quality of coverage and capacity of their 4G LTE networks.

OCK is seeking to penetrate into the lucrative tower business and expect to benefit from the explosive growth in tower demand in the ASEAN region. This will provide a strong stream of recurring income for the Group moving forward. OCK has also submitted proposals for Phase 2 of the 3 Phases of the USP project.

Our rationale for deploying capital into emerging markets like Myanmar, Indonesia and other countries in ASEAN is that we believe that the global trend toward wireless technology will continue unabated for a good number of years to come. We expect that that these vast network deployment and development growths will result in a long sustainable growth trajectory for our Group.

Malaysia operators will continue to actively ram up and expand coverage on 4G LTE Networks in bringing superior user experience to their customers. Apart from the leading three players, the industry will see other telco operators who have announced their plans to launch 4G services. Another requirement to support the advancement of 4G networks is by fiberizing telecommunication towers, in which OCK is prepared to seize further opportunities in this segment.

### *SOLAR FARM | RENEWABLE ENERGY*

OCK is setting out to benefit from the next round of FEED-IN TARIFF (FiT) quota to be released by the Sustainable Energy Development Authority (SEDA) this year. It currently owns a 1MW solar farm under the FiT scheme and is vying for new EPC jobs and solar farms in FYE 2015. It is noted that SEDA will need to add an additional 351 MW to the current allocation on top of the projected remaining releases of 474MW to meet with the Government's renewable energy (RE) target of 2080MW by 2020.

The Group is poised for continued success as a result of several key drivers:

1. Attractive growth prospects locally in Malaysia and regionally
2. Strong balance sheet and its long-term ability drive and support internal and external growth
3. Long-standing relationship and commitment with leading telecommunication service providers. We believe that our focus and commitment in building long-term and quality working relationship with our clients are one of the key factors that position the Group as a preferred telecommunication network provider in our serving industry.

**Ooi Chin Khoon**
*Group Managing Director*

# CORPORATE SOCIAL RESPONSIBILITY

## CORPORATE SOCIAL RESPONSIBILITY

The Group has been firmly committed in actively addressing Corporate Social Responsibility. The Group believes in its business principals and it will always remain the same which is doing business with ethics, taking care of the environment and nurture its people and the community. This commitment plays a vital role as the Group carries out their daily operations.

Doing its bit to ease the burden those affected by the Kelantan flood, The Group has donated cash to buy relief supplies for the flood victims in the east coast.

## OUR PEOPLE

### Leadership And Training Development Programme

Here at OCK, we believe that our people are our greatest assets. One of the initiatives taken is hosting a leadership and training development program. The objective of this initiative is to cultivate better leadership and teamwork skills through effective communication amongst employees across all levels. This programme was also graced by the top management of the Group as they participated in the programme. This shows the commitment and understanding that building a strong core internally is the initial catalyst for a long term business success.

### Annual Dinner

We believe that each individual in our Group plays a role in our daily business operations and it is imperative that appreciation is shown to each individual. This year OCK hosted our 8th annual dinner at One World Hotel in efforts of showing appreciation to our employees.

# CORPORATE SOCIAL RESPONSIBILITY
(cont'd)


Team Building

In 2014, OCK organized a team building event at August and September 2014 to promote team spirit among the employees as well as promoting group events out of office.

First Aid Lesson

As part of OCK Group safety and health program, OCK organises in-house firstaid lessons for its employees to learn the fundamentals of basic life support. This provide the confidence for our staff to take the apporpriate action should an emergency arises.

# STATEMENT ON CORPORATE GORVENANCE

The Securities Commission Malaysia had released the latest Malaysian Code on Corporate Governance ("the MCCG 2012") on 29 March 2012. Public listed corporations with financial year ended 31 December 2012 are expected to make their annual statement on corporate governance based on the principles and recommendation of the Code. The key focus of the MCCG 2012 is on the strengthening of the board structure and composition. There are 8 principles and 26 recommendations.

The Board of Directors ("the Board") of OCK Group Berhad has reviewed its current practices and proceedings against the principles and recommendation on the MCCG 2012. The result of this review was used as the basis of the Board in reporting its applications of the principles in the MCCG 2012 and the actions the Boards would take to strengthen its present governance practices.

### Principle 1

### Clear Roles and Responsibilities

The objective of this principle is to set out the fundamental structures for effective functioning of the Board.

The Board is responsible and is accountable to shareholders for managing the business of the Company and its subsidiaries ("the Group"). The Board retains controls of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall well-being.

The Board has retained for itself decisions in respect of matters significant to the Group's business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

The Board has also delegated certain of its responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee, which operates under approved terms of reference. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings.

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings.

Besides board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

The Board met five (5) times during the financial year ended 31 December 2014 and the attendance records of each Director at the Board Meetings is set out below:-

# STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

**Principle 1 (cont'd)**

**Clear Roles and Responsibilities (cont'd)**

| Name of Directors | No. of meetings Attended |
|---|---|
| YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman<br>*(Chairman, Senior Independent Non-Executive Director)* | 5/5 |
| Encik Abdul Halim Bin Abdul Hamid<br>*(Deputy Chairman)* | 4/5 |
| Mr Ooi Chin Khoon<br>*(Managing Director)* | 5/5 |
| Mr Low Hock Keong<br>*(Executive Director)* | 5/5 |
| Mr Chang Tan Chin<br>*(Executive Director)* | 5/5 |
| Mr Chong Wai Yew<br>*(Executive Director)* | 5/5 |
| Mr Fu Lit Fung<br>*(Independent Non-Executive Director)* | 5/5 |
| Mr Lee Yow Fui<br>*(Independent Non-Executive Director)* | 4/5 |
| Dato' Mohd Som Bin Ibrahim<br>*(Non-Independent Non-Executive Director)* | 5/5 |

Prior to each board meeting, members of the Board will be provided with an agenda and a set of board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance to enable them to make informed decisions. The board papers may include financial, strategic and corporate proposals that require the Board's deliberation and approval. The senior management, both external and internal auditors and/or advisers may be invited to attend the board meetings, if required, to provide additional information on the relevant agenda tabled at the board meetings.

The directors in discharging their duties and responsibilities are entitled to have full and unrestricted access to all information and to management on matters relating to the Group's operations. They also have access to the advice and services of the Company Secretary and where necessary, in furtherance of their duties, are entitled to seek independent professional advise at the Company's expenses.

The Company Secretary is responsible to inform the directors on the requirements that must be complied with under the Listing Requirements of the Bursa Securities and any new statutory and regulatory requirements that are relevant to enable the Board to fulfil its role and responsibilities. The Company Secretary also ensure that deliberations at Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.

# STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

## Principle 1 (cont'd)

### Board Charter

The Board has established a Board Charter which is available on the corporate website. The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the management. It also defines the specific accountabilities and responsibilities of the Board to ensure smooth interaction between the Management and the Board. It also reinforces the overall accountability of the Board and Management towards the Company and stakeholders.

## Principle 2

### Strengthening Board Composition

The principle emphasizes the importance of right board composition in bringing value to the bard deliberation and transparency of policies and procedures in selection and evaluation of board members.

The present Board, led by an independent non-executive Chairman is made up of nine (9) members comprising five (5) Executive Directors, four (4) other Non-Executive Directors, out of which three (3) are independent and one (1) is non-independent. This is in compliance with the Listing Requirements of Bursa Securities for Main Market which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interest of all stakeholders.

The Independent Non-Executive Directors have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Non-Independent Non-Executive Director acts as a bridge between Management and stakeholders, particularly, shareholders. He provides relevant checks and balances and ensures that high standards of Corporate Governance are applied.

Decision of the Board is done collectively without undue influence or dominance by any individual Director or group of Directors.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

The profile of the Board members are set out in this annual Report on pages 8 to16.

# STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

## Principle 2 (cont'd)

### Strengthening Board Composition (cont'd)

The MCCG 2012 endorses a formal procedure for appointments to the Board based on the recommendation of a Nomination Committee. As such the Board has established a Nomination Committee who is responsible for reviewing and making recommendation of appointments to the Board based on size of the Board, the mix of skills and experience and other qualities director should bring to the Board. New nomination is assessed and recommended to the full Board for appointment.

When there are changes in the regulatory requirements and retirement of directors, the Board would through the Nomination Committee review the composition of the Board members in order to ensure that the current composition of its Board functions competently.

The present members of the Nomination Committee are as follows:-

| Name | Designation | Directorship |
|---|---|---|
| YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman Bin Syed | Chairman | Senior Independent Non-Executive Director |
| Fu Lit Fung | Member | Independent Non-Executive Director |
| Lee Yow Fui | Member | Independent Non-Executive Director |

The Board has identified YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman as the Senior Independent Non-Executive Director, to whom any queries, feedbacks and concerns with regards to the Company , may be conveyed. YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman is also the Chairman of the Nomination Committee in observance with recommendation 2.1 of the MCCG 2012.

The Remuneration Committee, comprised mainly of non-executive directors, is responsible for reviewing and recommending to the Board, the remuneration frameworks for directors and assists the Company in ensuring that the remuneration of the directors reflects the responsibility and commitment undertaken by the board membership. The Board as a whole determines the remuneration of each director. Directors do not participate in decisions regarding their own remuneration package. Directors' fees are approved by shareholders at the Annual General Meeting.

The present members of the Remuneration Committee are as follows:-

| Name | Designation | Directorship |
|---|---|---|
| YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman Bin Syed | Chairman | Senior Independent Non-Executive Director |
| Ooi Chin Khoon | Member | Managing Director |
| Lee Yow Fui | Member | Independent Non-Executive Director |

In general, the component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performance of the executive directors. The remuneration of the Executive Director includes salaries and other emoluments, bonus, fees and benefits in kind.

# STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

### Principle 2 (cont'd)

### Strengthening Board Composition (cont'd)

The level of remuneration for the Independent Non-Executive Directors, reflects the experience and level of responsibilities undertaken by the particular Independent Non-Executive concerned. Currently the Non-Executive Directors are paid Director's fees and attendance allowance for Board/General Meetings they attended.

The number of Directors whose income falls within the following band is set out as follows:-

| Remuneration Bands | Executive Directors | Non-Executive |
|---|---|---|
| RM300,000 and below | 2 | 4 |
| RM300,001 – RM400,000 | - | - |
| RM400,001 – RM450,000 | 2 | - |
| RM450,001 – RM500,000 | - | - |
| RM500,001 – RM550,000 | 1 | - |

The aggregate remuneration paid or payable to all Directors of the Group and Company are further categorised into the following components:-

| | Salaries and other emoluments (RM) | Bonuses (RM) | Benefit-in-kind (RM) | EPF and SOCSO (RM) | Total (RM) |
|---|---|---|---|---|---|
| Executive Directors | 1,785,141 | 239,039 | 127,850 | 270,227 | 1,958,918 |
| Non-Executive Directors | 167,500 | - | - | - | 167,500 |

### Principle 3

### Enforcement of Independence

Independence is important for ensuring objectivity and fairness in board's decision making. The roles and responsibilities of the Chairman and Managing Director are clearly distinct for effective balance of power and authority.

YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman, the Independent Non-Executive Chairman presides over the Meeting of the Board and is primarily responsible for ensuring Board's effectiveness and conduct. The Managing Director is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required.

### Principle 3 (cont'd)

### Enforcement of Independence (cont'd)

Going forward, in order to uphold independence of the independent directors, the Board has adopted the following recommendations of the MCCG 2012 as Board's policies:-

(i) Subject to board's justification and shareholders' approval, tenure of independent directors should not exceed a cumulative term of nine (9) years; and
(ii) Board to undertake annual assessment of its independent directors focusing on events that would affect the ability of independent directors to continue bringing independent and objective judgement to board deliberations and the regulatory definition of independent directors.

### Principle 4

### Foster Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skillsets.

The Board is satisfied with the level and time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

In adherence to the Bursa Securities' Main Market Listing Requirements ("MMLR'), the Board acknowledges and has set forth that each member of the Board shall not hold more than five (5) executive directorships in public listed corporations.

Effective 1st June 2013, the maximum directorships in public listed companies is reduced from 10 to 5 under the amended listing requirements. In order to further strenghtening the directors' commitment, internally, the Board sets the maximum executive directorship of each members in public listed companies shall not be more than three (3).

The Board further acknowledges that continuous education is essential to broaden their perspectives and to keep abreast with the developments in the business environment as well as with any new regulatory and statutory requirements so as to maximise their effectiveness in the Board.

Directors were also kept informed of the latest regulatory developments by the Company Secretary and new accounting standards issued by International Accounting Standards Board by the External and Internal Auditors.

All the Directors who served during the financial year ended 31 December 2014, have also attended the briefing conducted by the Company Secretary on The Malaysian Code on Corporate Governance 2012.

### Principle 4 (cont'd)

### Foster Commitment (cont'd)

Additionally, the following directors have attended external training programmes and seminars as follows:-

| Name of Directors | Training Attended |
|---|---|
| YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman | - Detecting, Preventing & Reporting Financial Irregulaties & Fraud<br>- Corporate Governance Statement Reporting Workshop<br>- Appreciation & Application ASEAN Corporate Governance Scorecard<br>- 2014 MASB Rountable on Financial Reporting |
| Encik Abdul Halim Bin Abdul Hamid | - Planning Corporate Mergers & Acquisitions For Execution Excellence<br>- Management Conference 2D1N-Creating Performance Excellence for Growth |
| Mr Ooi Chin Khoon | - Planning Corporate Mergers & Acquisitions For Execution Excellence<br>- Management Conference 2D1N-Creating Performance Excellence for Growth<br>- Leadership Training - The Power of Change<br>- GST Conference 2014 |
| Mr Low Hock Keong | - Planning Corporate Mergers & Acquisitions For Execution Excellence<br>- Management Conference 2D1N-Creating Performance Excellence for Growth<br>- Strong Leadership In Crisis Management<br>- GST Conference 2014 |
| Mr Chang Tan Chin | - Planning Corporate Mergers & Acquisitions For Execution Excellence<br>- Understanding Goods And Service Tax (GST) In Malaysia<br>- Management Conference 2D1N-Creating Performance Excellence for Growth<br>- Strong Leadership In Crisis Management |
| Mr Chong Wai Yew | - Planning Corporate Mergers & Acquisitions For Execution Excellence<br>- Understanding Goods And Service Tax (GST) In Malaysia<br>- Strong Leadership In Crisis Management |

## Principle 4 (cont'd)

### Foster Commitment (cont'd)

| Name of Directors | Training Attended |
|---|---|
| Mr Lee Yow Fui | - Withholding Tax on payments to Non-residents<br>- Understanding the basics of computing Corporate Income Tax – with Budget 2014 updates<br>- Workshop on Transfer Pricing – Challenges and Response<br>- The 2015 Budget Seminar |
| Dato' Mohd Som Bin Ibrahim | - Mandatory Accreditation Programme For Directors of Public Listed Companies |

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

The Nomination Committee would assist the Board to undertake an assessment of the training needs of each director in Year 2014.

## Principle 5

### Uphold of Integrity in Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, the Management's review of operations and the accompanying financial results. The Group also presents its financial results on a quarterly basis via public announcements. The quarterly results are reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Audit Committee has the responsibility to ensure the Group's financial statements comply with applicable financial reporting standards. In order to do so, the Audit Committee has obtained written assurance from:-

(i) External auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

(iii) Chief Financial Officer confirming that the preparation of the financial statements, all relevant approved accounting standards and policies have been adopted, applied and followed in the financial statement with reasonable prudent judgement and estimates.

# STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

## Principle 5 (cont'd)

### Uphold of Integrity in Financial Reporting (cont'd)

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the Annual General Meeting of the Company. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

The Audit Committee comprises three (3) Independent Non-Executive Directors. The composition of the Committee, its terms of reference, attendance record and its activities are set out in the Audit Committee Report on pages 37 to 40 of this Annual Report.

## Principle 6

### Risk Recognition and Management

The Board acknowledge that risk management is an integral part of good management practice. Risk is inherent in all business activities. But, it is not the Group's objective to eliminate risk totally. Instead, it is to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derided.

Further details of the Group's system of risk management and internal control are reported in the Statement of Risk Management and Internal Control on pages 41 to 43 of this Annual Report.

## Principle 7

### Timely and High Quality Disclosure

The Board is advised by the Management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the AMLR on the financial results and various announcements. The Management is invited to attend the Board and Audit Committee meetings and to provide explanations and feedbacks to the Board on the operations of the Group.

Corporate disclosure and information are important for investors and shareholders. The Board would leverage on its corporate website to communicate, disseminate and add depth to the governance reporting. Going forward and pursuant to Para 9.25 of the MMLR, those principal and static governance information such as charter, board committees' terms of reference, policies and codes would be separately published in the website to avoid dilution of issues in the annual report.

## Principle 8

### Exercise of Shareholders' Rights

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. The Annual Report together with the Notice of AGM is sent to shareholders within the prescribed period as allowed under the Company's Memorandum and Articles of Association and the MMLR, as the case may be.

# STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

### Principle 8 (cont'd)

### Exercise of Shareholders' Rights (cont'd)

At the AGM, the shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Board and the senior management as well as the External Auditors of the Company are present to answer and provide appropriate clarifications at the meeting.

In order to encourage shareholders participation in the general meetings, the Board would:

i. Take into consideration of the traffic condition, public, festive and school holidays, accessibility and parking facilities in selecting the location for conducting shareholders meetings;
ii. Obtain the mobile numbers and email addresses of those shareholders who wish to receive general meeting reminders; and
iii. Conduct thirty minutes pre-AGM social reception for shareholders and to have selected senior management personnel engage with shareholders for mutual understanding of expectations and concerns and for appreciation of the quality of the management by the shareholders.

Normally, a press conference will be held after the AGM to advise the media on the resolutions passes by shareholders, answer questions on the Group's activities and plans in the course of providing all shareholders with the latest update of the Company.

The Articles of Association of the Company does not limit the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney both on a show of hands and on a poll as if they were a member of the Company. The Articles of Association of the Company have expressed provisions to disallow any restriction on a proxy's qualification and accord proxies the same rights as members to speak at general meetings of the Company.

The Board recognises that effective 1 June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval. Shareholders will be reminded that they have the right to demand a poll vote at general meetings.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors' dated 29 April 2015.

# AUDIT COMMITTEE REPORT

## 1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises three (3) member of the Board, all the whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2014 are as follows:-

| | | |
|---|---|---|
| Chairman | : | Dato' Syed Norulzaman Bin Syed Kamarulzaman<br>(Senior Independent Non-Executive Chairman) |
| Members | : | Lee Yow Fui<br>(Independent Non-Executive Director)<br>Fu Lit Fung<br>(Independent Non-Executive Director) |

## 2. TERMS OF REFERENCE

- **MEMBERSHIP**

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the audit committee should be non-executive directors.

The members of the Audit Committee shall elect a chairman from among their members who shall be an independent director. No alternate director shall be appointed as a member of the Audit Committee.

- **QUALIFICATION**

At least one (1) member of the Audit Committee:-

(a) must be a member of the Malaysian Institute of Accountants; or

(b) have at least three (3) years' working experience and:

- must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- fulfills such other requirement as prescribed by the Bursa Securities.

- **MEETING AND MINUTES**

Meetings shall be held not less than four (4) times a year and attended by the Chief Executive Officer, General Manager Finance and other senior management who may be invited as and when required. The presence of external and/or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the internal and/or external auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the external auditors without executive board members present at least twice a year.

The Secretary to the Audit Committee shall be the Company Secretary. The Chairman of the Audit Committee shall report on each meeting to the Board.

# AUDIT COMMITTEE REPORT
(cont'd)

## 2. TERMS OF REFERENCE (cont'd)

- **MEETING AND MINUTES (cont'd)**

Any resolution in writing, signed or assented to by all the members of the Committee shall be as valid and effectual as if had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more members of the Committee.

- **AUTHORITY**

The Audit Committee is empowered to, in accordance with the procedures determined by the Board and at the cost of the company:

- Investigate any matters within its Terms of Reference;
- Have full and unrestricted access to all information in relation to the Company and its subsidiaries ("the Group");
- Have direct communication channels with the External Auditors and Internal Auditors;
- Obtain external independent professional advice or assistance;
- Convene closed meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of management and employees of the Company, whenever deemed necessary;

- **RESPONSIBILITIES AND DUTIES**

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

(a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

(b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;

(c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;

(d) To review the internal audit scope and functions, plans, findings, performance of the internal audit function, appointment or termination of senior staff members of the internal audit function;

(e) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board;

(f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

# AUDIT COMMITTEE REPORT
(cont'd)

## 2. TERMS OF REFERENCE (cont'd)

- **RESPONSIBILITIES AND DUTIES (cont'd)**

(g) To consider the nomination and appointment of external auditors, as well as the audit fee;

(h) To review any letter of resignation from the external auditors and any questions of resignation or dismissal;

(i) To obtain written assurance from the external auditors confirming the Audit Committee's independence;

(j) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;

(k) To verify that the allocation of options pursuant to the Employees' Share Options Scheme of the Company is in accordance with the criteria for allocation established under the scheme at the end of each financial year; and

(l) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

- **SECRETARY**

The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee

## 3. AUDIT COMMITTEE MEETINGS ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 31 December 2014. The number of meetings attended by the Committee Members is as follows:-

| | ATTENDANCE |
|---|---|
| Dato' Syed Norulzaman Bin Syed Kamarulzaman | 5/5 |
| Lee Yow Fui | 4/5 |
| Fu Lit Fung | 5/5 |

## 4. ACTIVITIES OF THE AUDIT COMMITTEE

The principal activities undertaken by the Audit Committee during the financial year were summarized as follows:

(a) Reviewed and endorsed its revised terms of reference;

(b) Reviewed the quarterly financial results, cash flows and financial positions for each financial quarter prior to submission to the Board for consideration and approval for announcement to the public;

# AUDIT COMMITTEE REPORT
(cont'd)

## 4. ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

(c) Reviewed the external auditors' plan for the year ended 31st December 2014;

(d) Reviewed the internal auditors' reports;

(e) Reviewed of related party transactions; and

(f) Reported to the Board on matters addressed at the Audit Committee meetings.

## 5. INTERNAL AUDIT FUNCTION

The Main Market Listing Requirement provides that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the Audit Committee.

The Group had established an internal audit function which is outsourced to an internal audit services company. The primary responsibility of this internal audit function is to assist the Board and the Audit Committee in reviewing the management internal control procedures and providing recommendations to strengthen the internal control systems.

The Internal Auditors had produced and presented their internal audit plan to the Audit Committee for review and approval. The objective of the internal audit plan is to ensure that the audit scope and direction are in line with the Audit Committee's expectations.

During the financial year, the Internal Auditors conducted reviews on certain key operating functions, procedures and recommended action plans for management improvement. The audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the management for further action. All audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings.

The fee incurred during the current financial year for the internal audit function is RM50,000 (2013:RM50,000).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Board of Director of OCK Group Berhad is pleased to provide the following statement on the state of risk management and internal control of the Company and its subsidiaries ("the Group"). This statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD RESPONSIBILITIES

The Board acknowledges that risk management is an integral part of corporate governance and believes that its focus on effective risk overnight is critical to set the right tone and culture towards effective risk management and internal control.

Principally, the responsibilities of the Board as provided in the Guideline, for the governance if risk and controls include:

- Embedding risk management in all aspects of the company's activities;
- Approving the board's acceptable risk appetite; and
- Reviewing the risk management framework, processes, responsibilities and assessing whether they provide reasonable assurance that risk are managed within tolerable ranges.

Though risk in inherent in all business activities, it is not the Group's objective to eliminate risk. Instead, the Board wants a structural mean to be established by the management within the Group's to identify, prioritize and manage risks involved in the Group's activities and to balance the cost of managing and treating risks, and the anticipated benefits that will be derived from risks. Towards this end, the Board together with the management of the Group continue to take measures to ensure that its risk management processes are effective to assist the Group to achieve its corporate objectives.

## RISK MANAGEMENT AN INTERNAL CONTROL

The Group's risk management is primarily driven by all Executive Directors and executed by the management. The Executive Director's and management identify, evaluate and manage significant risks facing the organization in its business and operations. Regular management meetings, involving the members of the key management were held within the Group. These meeting are a platform for the top executive to make sure business operations are progresses in accordance with the objectives and targets and sharing if information amongst the various department and subsidiaries for further actions.

When formulating business strategy, the board would give due regard to risk appetite. Risk appetite is a dynamic issue and it varies over time. Therefore, when assessing any business deals and ventures, the Board would consider and balance the rewards and returns of these deals and ventures to shareholders against the current Group's human resource, financials resource, technology capabilities and timing to manage the risk effectively at that point of time.

In term of the key control systems, the Group has defined management organization chart outlining the management responsibilities and hierarchical structure of reporting lines and accountability. Others of key control in the Group are:

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

## RISK MANAGEMENT AN INTERNAL CONTROL (cont'd)

i. Pre-evaluation of suppliers or sub-contractors or consultants before concluding supply or service;

ii. Post-evaluation or suppliers or sub-contractors to ensure timely delivery of materials and/or services to prevent the risk of delay in handing over of projects;

iii. Insurances covering fire insurance, burglary insurance, machine and equipment insurance, tender/performance bond insurance, contractor all risk insurance, workmen's compensation insurance and personal accident insurance to protect the assets and/or interests of the Group;

iv. Safety and security measures to prevent theft, burglary and fire,

v. Review of operating performance and segregation of duties in the management functions of the Group; and

vi. ISO Quality Management System for project management processes ensuring compliance with customers' security and safety requirements and minimization of hazard risks during installation.

## THE REVIEW MECHANISM

Presently, the independent review of the systems of internal control is undertaken by the Board through the Audit Committee. The Audit Committee solicits feedback of the adequacy of risk management and internal control from the internal auditors. The internal audit function is currently outsourced.

Besides review the system of internal control, the Audit Committee also reviews the financial information and reports produced by the management. In this case, the Audit Committee in consultation with the management deliberates the integrity of the financial results, annual report and audited financial statements and obtains feedback from external auditors on risks and controls related to the financial statements before and after the completion of annual statutory financial audit.

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

The responsibilities of management in respect of risk management as provided in the Guideline include:

- Identify risks relevant to the business of the Group and the achievement of objectives and strategies;
- Design, implement and monitor the risk management actions in accordance with the Group's objective and risk appetite; and
- Identify changes to risk or emerging risks, take actions as appropriate and report these to the attention of the Board.

Periodically, management should report to the Board:

- The business risks that have impacted or likely to impact the group and its achievement of its objectives and strategies; and
- The effectiveness of the risk management and internal control system in managing risks.

In this regards, the Board has received assurance from the Managing Director, Chief Operating Officer ("COO") and Chief Financial officer ("CFO") that the company's risk management and internal control system is operating adequately and effectively, in all material aspects.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## BOARD ASSURANCE AND LIMITATION

For the financial review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulting from significant control weaknesses. The Board continues to be committed toward maintaining a sound system of internal controls and carrying out measures to strengthen the effectiveness of the internal control systems and shareholders' confidence.

Nonetheless, the Board wishes to point out that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control in the Group and provide only reasonable but not absolute assurance against material misstatements, frauds and losses.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors had reviewed this Statement on Risk Management and Internal Control and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers to be set out, nor factually in accurate.

This statement is made in accordance with the Board's resolution passed on 29 April 2015.

# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Profit/(Loss) for the financial year | 17,056,050 | (27,916) |
| Profit/(Loss) attributable to: | | |
| Owners of the Company | 15,586,670 | (27,916) |
| Non-controlling interests | 1,469,380 | - |
| | 17,056,050 | (27,916) |

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

### BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts inadequate to any substantial extent or render it necessary to make any provision for doubtful debts in the financial statements of the Company.

# DIRECTORS' REPORT
(cont'd)

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the following ordinary shares of RM0.10 each were issued:

| Date | Purpose of issue | Number of shares | Price RM/share | Total consideration RM | Term of issue |
|---|---|---|---|---|---|
| 06.06.2014 | Private placement for working capital | 28,490,000 | 1.30 | 37,037,000 | Cash |
| 25.06.2014 | Private placement for working capital | 28,490,000 | 1.30 | 37,037,000 | Cash |
| 11.11.2014 | Acquisition of a subsidiary | 10,227,272 | 1.10 | 11,250,000 | Equity |
| 27.11.2014 | Bonus issue | 176,053,636 | 0.10 | 17,605,364 | Equity |

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

No debentures were issued during the financial year.

## DIRECTORS

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

Dato' Syed Norulzaman Bin Syed Kamarulzaman
Rear Admiral Dato' Mohd Som Bin Ibrahim (Retired)
Abdul Halim Bin Abdul Hamid
Ooi Chin Khoon
Low Hock Keong
Chang Tan Chin
Chong Wai Yew
Fu Lit Fung
Lee Yow Fui

# DIRECTORS' REPORT
(cont'd)

## DIRECTORS INTEREST

According to the registers required to be kept under Section 134 of the Companies Act, 1965 in Malaysia, the interests of the directors in office at the end of the financial year in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2014 are as follows:-

| | Number of ordinary shares of RM0.10 each | | | |
|---|---|---|---|---|
| | **At 1.1.2014** | **Bought** | **Sold** | **At 31.12.2014** |
| **The Company** | | | | |
| **Direct interest** | | | | |
| Low Hock Keong | 7,360,000 | 3,480,000* | (400,000) | 10,440,000 |
| Chang Tan Chin | 4,020,000 | 1,910,000* | (200,000) | 5,730,000 |
| Chong Wai Yew | 3,520,000 | 1,760,000* | - | 5,280,000 |
| Ooi Chin Khoon | 3,500,000 | 1,750,000* | - | 5,250,000 |
| **Indirect interest** | | | | |
| Abdul Halim Bin Abdul Hamid [1] | 148,765,000 | 70,107,500 | (8,550,000) | 210,322,500 |
| Ooi Chin Khoon [2] | 149,595,000 | 72,108,850 | (8,977,300) | 212,726,550 |
| Low Hock Keong [3] | - | 2,217,000 | (300,000) | 1,917,000 |

**Shareholdings in the Ultimate Holding Company**
**- Aliran Armada Sdn. Bhd.**

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | **At 1.1.2014** | **Bought** | **Sold** | **At 31.12.2014** |
| Indirect interest | | | | |
| Abdul Halim Bin Abdul Hamid | 1,200,000 | - | - | 1,200,000 |
| Ooi Chin Khoon | 600,000 | - | - | 600,000 |

* Increase pursuant to the Bonus Issue of one (1) Bonus Share for every two (2) existing ordinary shares of RM0.10 each.

[1] Deemed interested by virtue of Section 6A of the Companies Act, 1965 in Malaysia.
[2] Deemed interested by virtue of Section 6A and 122A of the Companies Act, 1965 in Malaysia.
[3] Deemed interested by virtue of Section 122A of the Companies Act, 1965 in Malaysia.

None of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

# DIRECTORS' REPORT
(cont'd)

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 46 to the financial statements.

## SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 47 to the financial statements.

## ULTIMATE HOLDING COMPANY

The directors regard Aliran Armada Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

# DIRECTORS' REPORT
(cont'd)

## AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution dated 29 April 2015.

OOI CHIN KHOON

ABDUL HALIM BIN ABDUL HAMID

# STATEMENT BY DIRECTORS
(cont'd)

**Pursuant to Section 169 (15) of the Companies Act, 1965**

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 55 to 149 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 150 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Securities.

Signed on behalf of the Board in accordance with a resolution dated 29 April 2015.



OOI CHIN KHOON

ABDUL HALIM BIN ABDUL HAMID

# STATUTORY DECLARATION

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

I, Liew Kok Seong, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 55 to 149 and the supplementary information as set out on page 150 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 29 April 2015

LIEW KOK SEONG

Before me

Tan Kim Chooi (No. W661)
Comissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF **OCK GROUP BERHAD** (955915-M)

### Report on the Financial Statements

We have audited the financial statements of OCK Group Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 55 to 149.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **OCK GROUP BERHAD** (955915-M)

(cont'd)

## Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

## Other Reporting Responsibilities

The supplementary information set out on page 150 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

## Other Matters

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

BAKER TILLY MONTEIRO HENG
AF 0117
Chartered Accountants

HENG FU JOE
2966/11/16(J)
Chartered Accountant

Kuala Lumpur
29 April 2015

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 | 2013 | 2014 | 2013 |
| | Note | RM | RM | RM | RM |
| Revenue | 4 | 185,892,024 | 152,162,884 | - | - |
| Cost of sales | 5 | (137,312,809) | (112,937,394) | - | - |
| **Gross profit** | | 48,579,215 | 39,225,490 | - | - |
| Other income | | 1,518,329 | 1,892,011 | 1,028,427 | 173,144 |
| Administrative expenses | | (21,274,793) | (16,760,887) | (1,056,343) | (697,156) |
| Other operating expenses | | (1,061,189) | (128,465) | - | - |
| | | (22,335,982) | (16,889,352) | (1,056,343) | (697,156) |
| **Profit/(Loss) from operations** | | 27,761,562 | 24,228,149 | (27,916) | (524,012) |
| Finance costs | 6 | (4,005,017) | (3,069,367) | - | - |
| **Profit/(Loss) before taxation** | 7 | 23,756,545 | 21,158,782 | (27,916) | (524,012) |
| Taxation | 8 | (6,700,495) | (5,867,890) | - | 34,771 |
| Profit/(Loss) for the financial year | | 17,056,050 | 15,290,892 | (27,916) | (489,241) |
| **Other comprehensive (loss)/income** | | | | | |
| **Items that may not be reclassified subsequently to profit or loss** | | | | | |
| Realisation of revaluation reserve | | 81,260 | 69,976 | - | - |
| Income tax relating to components of other comprehensive income | | 4,104 | 3,510 | - | - |
| | | 85,364 | 73,486 | - | - |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Foreign currency translation | | (89,837) | - | - | - |
| **Other comprehensive (loss)/ income for the financial year** | | (4,473) | 73,486 | - | - |
| **Total comprehensive income/(loss) for the financial year** | | 17,051,577 | 15,364,378 | (27,916) | (489,241) |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 | 2013 | 2014 | 2013 |
| | Note | RM | RM | RM | RM |
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the Company | | 15,586,670 | 13,581,849 | (27,916) | (489,241) |
| Non-controlling interests | | 1,469,380 | 1,709,043 | - | - |
| | | 17,056,050 | 15,290,892 | (27,916) | (489,241) |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the Company | | 15,582,197 | 13,655,335 | (27,916) | (489,241) |
| Non-controlling interests | | 1,469,380 | 1,709,043 | - | - |
| | | 17,051,577 | 15,364,378 | (27,916) | (489,241) |
| **Earnings Per Share (Sen)** | | | | | |
| - Basic and diluted | 9 | 4.66 | 4.99 | | |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 | 2013 | 2014 | 2013 |
| | Note | RM | RM | RM | RM |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 10 | 64,468,866 | 68,199,823 | - | - |
| Investment properties | 11 | 10,087,854 | - | - | - |
| Intangible assets | 12 | 19,407,684 | - | - | - |
| Deferred tax assets | 13 | 117,479 | - | - | - |
| Investment in subsidiaries | 14 | - | - | 19,882,215 | 19,382,315 |
| | | 94,081,883 | 68,199,823 | 19,882,215 | 19,382,315 |
| **Current assets** | | | | | |
| Inventories | 15 | 23,873,304 | 18,200,762 | - | - |
| Other investments | 16 | 453,527 | 284,227 | - | - |
| Trade and other receivables | 17 | 99,210,530 | 65,559,264 | 69,250,586 | 33,106,552 |
| Amount due from contract customers | 18 | 11,188,703 | 6,183,414 | - | - |
| Tax assets | | 99,034 | - | - | - |
| Cash and cash equivalents | 19 | 73,762,080 | 26,229,366 | 46,873,174 | 1,035,991 |
| | | 208,587,178 | 116,457,033 | 116,123,760 | 34,142,543 |
| **TOTAL ASSETS** | | 302,669,061 | 184,656,856 | 136,005,975 | 53,524,858 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 20 | 52,816,091 | 28,490,000 | 52,816,091 | 28,490,000 |
| Share premium | 21 | 84,187,096 | 26,739,424 | 84,187,096 | 26,739,424 |
| Foreign currency translation reserve | 22 | (283,253) | (25,667) | - | - |
| Revaluation reserve | 23 | 5,245,160 | 3,279,567 | - | - |
| Reverse acquisition reserve | | (17,007,122) | (17,007,122) | - | - |
| Retained earnings/ (Accummulated losses) | | 53,840,632 | 38,258,435 | (1,851,629) | (1,823,713) |
| | | 178,798,604 | 79,734,637 | 135,151,558 | 53,405,711 |
| Non-controlling interests | | 8,246,250 | 3,934,263 | - | - |
| **Total Equity** | | 187,044,854 | 83,668,900 | 135,151,558 | 53,405,711 |

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2014 (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 | 2013 | 2014 | 2013 |
| | Note | RM | RM | RM | RM |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 24 | 32,279,716 | 19,511,533 | - | - |
| Deferred tax liabilities | 13 | 2,973,229 | 937,090 | - | - |
| | | 35,252,945 | 20,448,623 | - | - |
| **Current Liabilities** | | | | | |
| Amount due to contract customers | 18 | 1,262,840 | 202,005 | - | - |
| Trade and other payables | 32 | 44,457,725 | 35,382,619 | 854,417 | 119,147 |
| Post employment benefit liabilities | 33 | 158,852 | - | - | - |
| Borrowings | 24 | 32,209,001 | 42,516,382 | - | - |
| Tax liabilities | | 2,282,844 | 2,438,327 | - | - |
| | | 80,371,262 | 80,539,333 | 854,417 | 119,147 |
| **Total Liabilities** | | 115,624,207 | 100,987,956 | 854,417 | 119,147 |
| **TOTAL EQUITY AND LIABILITIES** | | 302,669,061 | 184,656,856 | 136,005,975 | 53,524,858 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | | <------Attributable to owners of the Parent------> | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | <------Non-distributable------> | | | | | | | | |
| | Note | Share Capital RM | Share Premium RM | Foreign Currency Translation Reserve RM | Revaluation Reserve RM | Reverse Acquisition Reserve RM | Distributable Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Group** | | | | | | | | | | |
| **As at 1.1.2013** | | 25,900,000 | 17,691,945 | (14,630) | 3,349,543 | (17,007,122) | 25,898,100 | 55,817,836 | 2,078,183 | 57,896,019 |
| **Comprehensive income** | | | | | | | | | | |
| Profit for the financial year | | - | - | - | - | - | 13,581,849 | 13,581,849 | 1,709,043 | 15,290,892 |
| **Other comprehensive income** | | | | | | | | | | |
| Realisation of revaluation reserves | | - | - | - | - | - | 73,486 | 73,486 | - | 73,486 |
| **Total comprehensive income for the financial year** | | - | - | - | - | - | 13,655,335 | 13,655,335 | 1,709,043 | 15,364,378 |
| **Transactions with owners** | | | | | | | | | | |
| Acquisition of subsidiaries | | - | - | - | - | - | - | - | 147,037 | 147,037 |
| Dividend | 34 | - | - | - | - | - | (1,295,000) | (1,295,000) | - | (1,295,000) |
| Foreign currency differences | | - | - | (11,037) | - | - | - | (11,037) | - | (11,037) |
| Issuance of shares pursuant to private placement | 20 | 2,590,000 | 9,583,000 | - | - | - | - | 12,173,000 | - | 12,173,000 |
| Realisation of revaluation reserves | 23 | - | - | - | (69,976) | - | - | (69,976) | - | (69,976) |
| Share issuance expenses | 21 | - | (535,521) | - | - | - | - | (535,521) | - | (535,521) |
| **Total transactions with owners** | | 2,590,000 | 9,047,479 | (11,037) | (69,976) | - | (1,295,000) | 10,261,466 | 147,037 | 10,408,503 |
| **At 31.12.2013** | | 28,490,000 | 26,739,424 | (25,667) | 3,279,567 | (17,007,122) | 38,258,435 | 79,734,637 | 3,934,263 | 83,668,900 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

| | | <----Attributable to owners of the Parent | | | | | ----> | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | <----Non-distributable | | | | ----> | | | | |
| | Note | Share Capital RM | Share Premium RM | Foreign Currency Translation Reserve RM | Revaluation Reserve RM | Reverse Acquisition Reserve RM | Distributable Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Group** | | | | | | | | | | |
| **As at 1.1.2014** | | 28,490,000 | 26,739,424 | (25,667) | 3,279,567 | (17,007,122) | 38,258,435 | 79,734,637 | 3,934,263 | 83,668,900 |
| **Comprehensive income** | | | | | | | | | | |
| Profit for the financial year | | - | - | - | - | - | 15,586,670 | 15,586,670 | 1,469,380 | 17,056,050 |
| **Other comprehensive income** | | | | | | | | | | |
| Foreign currency translation reserve | 22 | - | - | (257,586) | - | - | - | (257,586) | 167,749 | (89,837) |
| Realisation of revaluation reserves | | - | - | - | - | - | 85,364 | 85,364 | - | 85,364 |
| **Total other comprehensive loss for the financial year** | | - | - | (257,586) | - | - | 85,364 | (172,222) | 167,749 | (4,473) |
| **Total comprehensive income for the financial year** | | - | - | (257,586) | - | - | 15,672,034 | 15,414,448 | 1,637,129 | 17,051,577 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

| | | <------------------------Attributable to owners of the Parent | | | | | | -------------------------> | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | <----------------------------Non-distributable | | | | --------------------------> | | | | |
| | Note | Share Capital RM | Share Premium RM | Foreign Currency Translation Reserve RM | Revaluation Reserve RM | Reverse Acquisition Reserve RM | Distributable Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Group** | | | | | | | | | | |
| **Transactions with owners** | | | | | | | | | | |
| Arising from investment in subsidiaries | | - | - | - | - | - | - | - | 2,750,162 | 2,750,162 |
| Arising from revaluation of property, plant and equipment | | - | - | - | 2,046,853 | - | - | 2,046,853 | - | 2,046,853 |
| Disposal of a subsidiary | 36 | - | - | - | - | - | - | - | (75,304) | (75,304) |
| Foreign currency differences | | | | - | - | - | (89,837) | (89,837) | - | (89,837) |
| Realisation of revaluation reserves | 23 | - | - | - | (81,260) | - | - | (81,260) | - | (81,260) |
| Issuance of shares pursuant to: | | | | | | | | | | |
| - acquisition of a subsidiary | 20 | 1,022,727 | 10,227,272 | - | - | - | - | 11,249,999 | - | 11,249,999 |
| - bonus issue | | 17,605,364 | (17,605,364) | - | - | - | - | - | - | - |
| - private placement | 20 | 5,698,000 | 68,376,000 | - | - | - | - | 74,074,000 | - | 74,074,000 |
| Share issuance expenses | 21 | - | (3,550,236) | - | - | - | - | (3,550,236) | - | (3,550,236) |
| **Total transactions with owners** | | 24,326,091 | 57,447,672 | - | 1,965,593 | - | (89,837) | 83,649,519 | 2,674,858 | 86,324,377 |
| **At 31.12.2014** | | 52,816,091 | 84,187,096 | (283,253) | 5,245,160 | (17,007,122) | 53,840,632 | 178,798,604 | 8,246,250 | 187,044,854 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | <---Non-distributable---> Share Capital RM | Share Premium RM | Distributable Accumulated Losses RM | Total Equity RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **As at 1.1.2013** | | 25,900,000 | 17,691,945 | (39,472) | 43,552,473 |
| **Comprehensive loss** | | | | | |
| Loss for the financial year | | - | - | (489,241) | (489,241) |
| **Total comprehensive loss for the financial year** | | - | - | (489,241) | (489,241) |
| **Transactions with owners** | | | | | |
| Issuance of shares pursuant to private placement | 20 | 2,590,000 | 9,583,000 | - | 12,173,000 |
| Dividend | 34 | - | - | (1,295,000) | (1,295,000) |
| Share issuance expenses | 21 | - | (535,521) | - | (535,521) |
| **Total transactions with owners** | | 2,590,000 | 9,047,479 | (1,295,000) | 10,342,479 |
| **At 31.12.2013** | | 28,490,000 | 26,739,424 | (1,823,713) | 53,405,711 |
| **Comprehensive loss** | | | | | |
| Loss for the financial year | | - | - | (27,916) | (27,916) |
| **Total comprehensive loss for the financial year** | | - | - | (27,916) | (27,916) |
| **Transactions with owners** | | | | | |
| Issuance of shares pursuant to: | | | | | |
| - acquisition of a subsidiary | 20 | 1,022,727 | 10,227,272 | - | 11,249,999 |
| - bonus issue | | 17,605,364 | (17,605,364) | - | - |
| - private placement | 20 | 5,698,000 | 68,376,000 | - | 74,074,000 |
| Share issuance expenses | | - | (3,550,236) | - | (3,550,236) |
| **Total transactions with owners** | | 24,326,091 | 57,447,672 | - | 81,773,763 |
| **At 31.12.2014** | | 52,816,091 | 84,187,096 | (1,851,629) | 135,151,558 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 RM | Group 2013 RM | Company 2014 RM | Company 2013 RM |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Profit/(Loss) before taxation | | 23,756,545 | 21,158,782 | (27,916) | (524,012) |
| Adjustments for: | | | | | |
| Amortisation of intangible assets | 12 | 504,792 | - | - | - |
| Bad debts written off | | 44,644 | - | - | - |
| Depreciation of property, plant and equipment | 10 | 4,515,615 | 2,030,238 | - | - |
| Deposits written off | | 8,050 | - | - | - |
| Provision for post employement benefits | 33 | 59,178 | - | - | - |
| Gain on disposal of property, plant and equipment | | (142,995) | (91,082) | - | - |
| Impairment of goodwill | 12 | - | 1,110 | - | - |
| Interest expense | | 4,005,017 | 3,069,367 | - | - |
| Interest income | | (488,977) | (219,711) | (490,427) | (41,144) |
| Property, plant and equipment written-off | 10 | 178,538 | - | - | - |
| Unrealised loss on foreign exchange | | 216,347 | 39,441 | - | - |
| Operating profit/(loss) before working capital changes | | 32,656,754 | 25,988,145 | (518,343) | (565,156) |
| Inventories | | (5,775,106) | (5,097,958) | - | - |
| Receivables | | (33,656,806) | (5,427,973) | - | (10,600) |
| Payables | | 8,000,910 | 6,909,247 | 735,270 | 71,320 |
| Cash generated from/(used in) operations | | 1,225,752 | 22,371,461 | 216,927 | (504,436) |
| Interest paid | | (156,625) | (97,626) | - | - |
| Interest received | | 488,977 | 219,711 | 490,427 | 41,144 |
| Tax paid | | (6,487,592) | (6,001,622) | - | (2,542) |
| Tax refunded | | - | 4,718 | - | - |
| Net cash (used in)/ from operating activities | | (4,929,488) | 16,496,642 | 707,354 | (465,834) |

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| **Cash Flows from Investing Activities** | | | | | |
| Additional investment in a subsidiary | | - | - | (499,900) | - |
| Effect of acquisition of a subsidiary, net of cash acquired | 35 | (9,325,231) | 11,530 | - | (982,317) |
| Effect of disposal of a subsidiary, net of cash disposed | 36 | 34,518 | - | - | - |
| Proceeds from disposal of property, plant and equipment | | 9,676,345 | 128,838 | - | - |
| Purchase of property, plant and equipment | 10 | (4,735,867) | (34,271,452) | - | - |
| Purchase of other investments | 16 | (169,300) | (284,227) | - | - |
| Net cash used in investing activities | | (4,519,535) | (34,415,311) | (499,900) | (982,317) |
| **Cash Flows from Financing Activities** | | | | | |
| Advances to subsidiaries | | - | - | (24,894,035) | (16,658,378) |
| Interest paid | | (3,848,392) | (2,971,741) | - | - |
| Dividend paid | 34 | - | (1,295,000) | - | (1,295,000) |
| Deposit held for security values | | - | (100,590) | - | - |
| Net (repayment)/ drawdown of borrowings | | (10,377,322) | 16,449,444 | - | - |
| Proceeds from issuance of shares arising from: | | | | | |
| - private placement | 20 | 74,074,000 | 12,173,000 | 74,074,000 | 12,173,000 |
| - ordinary shares to non-controlling interest | | 376,187 | 147,037 | - | - |
| Share issuance expenses | 21 | (3,550,236) | (535,521) | (3,550,236) | (535,521) |
| Net cash from/ (used in) financing activities | | 56,674,237 | 23,866,629 | 45,629,729 | (6,315,899) |
| Effect of exchange rate changes | | (28,291) | (15,181) | - | - |
| **Net increase in cash and cash equivalents** | | 47,196,923 | 5,932,779 | 45,837,183 | (7,764,050) |
| Cash and cash equivalents at beginning of financial year | | 17,870,969 | 11,938,190 | 1,035,991 | 8,800,041 |
| **Cash and cash equivalents at end of financial year** | 19 | 65,067,892 | 17,870,969 | 46,873,174 | 1,035,991 |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 14 to the financial statements.There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No.18, Jalan Jurunilai U1/20, Sekysen U1, HICOM Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The ultimate holding company of the Company is Aliran Armada Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements are expressed in Ringgit Malaysia (“RM”).

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 29 April 2015.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Amendments/Improvements to MFRSs

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

New IC Int

| | |
|---|---|
| IC Int 21 | Levies |

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

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

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

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

**Amendments to MFRS 132 Financial Instruments: Presentation**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

#### (a) Adoption of Amendments/Improvements to MFRSs and New IC Int (cont'd)

**Amendments to MFRS 136 Impairment of Assets**

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

**Amendments to MFRS 139 Financial Instruments: Recognition and Measurement**

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

**IC Int 21 Levies**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

**MFRS 9 Financial Instruments**

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

**MFRS 15 Revenue from Contracts with Customers**

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

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

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

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

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

**Amendments to MFRS 3 Business Combinations**

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

**Amendments to MFRS 7 Financial Instruments: Disclosures**

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

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

**Amendment to MFRS 8 Operating Segments**

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

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

**Amendment to MFRS 13 Fair Value Measurement**

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

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

**Amendments to MFRS 101 Presentation of Financial Statements**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

**Amendments to MFRS 116 Property, Plant and Equipment**

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

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

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

**Amendments to MFRS 119 Employee Benefits**

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

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

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

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

**Amendment to MFRS 124 Related Party Disclosures**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

**Amendments to MFRS 127 Separate Financial Statements**

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

**Amendments to MFRS 138 Intangible Assets**

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

**Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures (cont'd)**

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

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

### 2.3 Basis of Consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an investee if and only if the Group has:-

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:-

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Basis of Consolidation and Subsidiaries (cont'd)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

All intra group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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 contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

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

The Group has applied the revised MFRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 Transactions with Non-controlling Interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 2.5 Foreign Currency

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to nearest RM, unless otherwise stated.

#### (b) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Foreign Currency (cont'd)

**(c) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

### 2.6 Revenue Recognition

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**(a) Revenue from telecommunication network services**

Revenue is recognised upon services rendered and customer's acceptance.

**(b) Revenue from contract works**

Revenue from contract works is recognised on the percentage of completion method as described in Note 2.12.

**(c) Sales of goods**

Revenue is recognised upon delivery of products and customer's acceptance.

**(d) Interest income**

Interest income is recognised on an accruals basis using the effective interest method.

**(e) Rental income**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.7 Employee Benefits

**(a) Short Term Employee Benefits**

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(b) Defined Contribution Plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

**(c) Retirement Benefits Plans**

The Group operates an unfunded defined benefit plan for eligible employees as provided in the services contract agreements between a company in the Group and its employees.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees would have earned in return for their service in the current and prior financial years, that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds.

The calculation is performed by an actuarist using the projected unit credit method. In the intervening years, the calculation may be updated by the actuarist based on approximations unless material changes in demographics or business processes have been identified that would cause doubt in the application of approximations, in which case detailed analysis would be necessary at the interim date. The most recent review was performed for the financial year ended 31 December 2014 in February 2015.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in profit or loss. Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service by employees or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.8 Tax Expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the period, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from 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 nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

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

### 2.9 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 Property, Plant and Equipment and Depreciation (cont'd)

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

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

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

Freehold land is not depreciated and all other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Freehold building | 2% |
| Leasehold land and building | 2% |
| Furniture and fittings | 10% |
| Computers and software equipment | 33 1/3% |
| Office equipment | 10% to 20% |
| Motor vehicles | 20% |
| Renovation | 10% |
| Engineering equipment | 20% |
| Network facilities | 4% |
| Plant and machinery | 4% and 20% |

Capital work-in-progress is not depreciated as these assets are not ready for its intended use.

The residual values, useful lives 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. These are adjusted prospectively, if appropriate.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 Property, Plant and Equipment and Depreciation (cont'd)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

### 2.10 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

### 2.11 Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

### 2.12 Construction Contracts

Construction works are stated at cost plus attributable profits less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the profit or loss as and when incurred.

When the outcome of a construction contract can be reliably estimated, contract revenue are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.12 Construction Contracts (cont'd)

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

Irrespective of whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract works. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract works.

### 2.13 Intangible Assets

**(a) Goodwill**

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of profit or loss and other comprehensive income.

**(b) Other Intangible Assets**

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

### 2.14 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and 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 to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as an expense in the profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 Impairment of Non-Financial Assets (cont'd)

Any subsequent increase in recoverable amount due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised as revenue in the profit or loss.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of raw material comprise the purchase price plus costs in bringing this inventory to their present location and condition. Cost is determined on the weighted average cost basis.

Work-in-progress includes the cost of raw materials, direct labour and appropriate portion of fixed and variable overheads.

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

### 2.16 Financial Assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and held to maturity investment.

**(a) Loans and Receivables**

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 Financial Assets (cont'd)

**(b) Held-to-maturity Investments**

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

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

### 2.17 Fair Value Measurement

The Group and the Company adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 Impairment of Financial Assets

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

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

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

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

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

### 2.19 Cash and Cash Equivalents

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

### 2.20 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.21 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

### 2.22 Leases

**(a) Finance Leases – the Group as Lessee**

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

**(b) 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.

**(c) Operating Leases – the Group and the Company as Lessor**

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.23 Financial Liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include trade and other payables, amount due to contract customers and borrowings.

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

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

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

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

### 2.24 Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

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

### 2.25 Segment reporting

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.26 Financial Guarantee Contracts

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly control entities as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### 2.27 Contingencies

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

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

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

**(a) Critical judgements made in applying the Group's accounting policies**

There were no significant judgements made by management in the process of applying the accounting policies of the Group and of the Company which may have significant effect on the amount recognised in the financial statements.

**(b) Key sources of estimation uncertainty**

**(i) Useful lives of property, plant and equipment (Note 10)**

The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### (b) Key sources of estimation uncertainty (cont'd)

#### (ii) Impairment of property, plant and equipment

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

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

#### (iii) Valuation of investment properties (Note 11)

The measurement of the fair value for investment properties performed by independent valuer is determined with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.

#### (iv) Amortisation of intangible assets (Note 12)

The cost of intangible asset is amortised on a straight line basis over the assets' useful lives. Directors estimate the useful lives of these intangible assets to be 8 years. The amortisation period and the amortisation method for customer contracts and related customer relationship are reviewed at least at each reporting date. Therefore, future amortisation charges could be revised.

#### (v) Impairment of goodwill (Note 12)

The Group tests goodwill annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Where expectations differ from the original estimates, the differences will impact the carrying amount of goodwill.

#### (vi) Impairment of loans and receivables (Note 17)

The Group and the Company assess at each reporting date whether there is any objective evidence that receivables and amounts owing by subsidiaries are impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectible. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### (b) Key sources of estimation uncertainty (cont'd)

**(vii) Write down for obsolete or slow moving inventories (Note 15)**

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

**(ix) Construction contracts**

The Group recognises contract revenue from its fixed price contracts based on the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. The stage of completion method requires the Group to estimate the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue including variation orders and contract claims and contract costs. In making the estimates, the Group relies on past experience, the use of engineering tools and the work of specialists.

Any variation to the final contract sum and the estimated cost to completion will have a corresponding effect on the contract profit or loss.

**(x) Contingent liabilities**

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

**(xi) Taxation (Note 8)**

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

**(xii) Deferred tax assets (Note 13)**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### (b) Key sources of estimation uncertainty (cont'd)

#### (xii) Deferred tax assets (Note 13) (cont'd)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

## 4. REVENUE

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Telecommunication network services | 127,834,238 | 85,775,898 |
| Green energy and power solutions | 35,230,981 | 42,922,803 |
| Sales of goods | 9,029,195 | 10,724,159 |
| Contract income | 13,797,610 | 12,740,024 |
| | 185,892,024 | 152,162,884 |

## 5. COST OF SALES

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Telecommunication network services | 89,553,423 | 55,142,899 |
| Green energy and power solutions | 31,357,320 | 37,747,482 |
| Sales of goods | 6,974,959 | 8,726,225 |
| Contract cost | 9,427,107 | 11,320,788 |
| | 137,312,809 | 112,937,394 |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 6. FINANCE COSTS

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Bank overdrafts | 156,625 | 97,626 |
| Finance lease payables | 664,288 | 89,675 |
| Revolving project loan | 1,869,465 | 1,922,156 |
| Term loans - secured | 1,157,951 | 899,538 |
| Trade financing | 156,688 | 60,372 |
| | 4,005,017 | 3,069,367 |

## 7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| After charging: | | | | |
| Amortisation of intangible assets | 504,792 | - | - | - |
| Auditors' remuneration: | | | | |
| - statutory audit | | | | |
| - current year | 235,002 | 213,100 | 30,000 | 30,000 |
| - under-provision in prior year | 23,130 | 8,830 | 8,000 | 9,000 |
| - non-statutory audit | | | | |
| - current year | 10,000 | - | 10,000 | - |
| - under-provision in prior year | 9,000 | - | 9,000 | - |
| Bad debts written off | 44,644 | - | - | - |
| Deposit written off | 8,050 | - | - | - |
| Depreciation of property, plant and equipment | 4,515,615 | 2,030,238 | - | - |
| Directors' remuneration (Note (b)) | 2,461,907 | 2,598,859 | 187,000 | 144,500 |
| Employee benefits expenses (Note (a)) | 30,711,670 | 25,618,014 | - | - |
| Impairment of goodwill | - | 1,110 | - | - |
| Loss on foreign exchange: | | | | |
| - realised | 108,818 | 87,914 | - | - |
| - unrealised | 216,347 | 39,441 | - | - |
| Property, plant and equipment written off | 178,538 | - | - | - |
| Provision for post employment benefits | 59,178 | - | - | - |

## 7. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

Profit/(Loss) before taxation is arrived at: (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| After charging: (cont'd) | | | | |
| Rental expenses: | | | | |
| - equipments | 199,317 | 437,782 | - | - |
| - premises | 584,576 | 495,545 | - | - |
| - sites | 1,102,779 | 556,291 | - | - |
| - vehicles | 1,186,675 | 109,202 | - | - |
| - warehouse | 433,615 | 700,615 | - | - |
| and crediting:- | | | | |
| Interest income | (488,977) | (219,711) | (490,427) | (41,144) |
| Gain on disposal of property, plant and equipment | (142,995) | (91,082) | - | - |
| Realised gain on foreign exchange | (1,750) | - | - | - |
| Rental income: | | | | |
| - premises | (777,203) | (1,397,957) | (64,400) | (75,600) |
| - vehicles | - | (102 ,000) | - | - |

(a) Employee benefits expenses are:

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Salaries, allowances and bonus | 27,799,137 | 22,872,545 |
| Contributions to defined contribution plans and Socso | 2,593,136 | 2,384,159 |
| Other benefits | 319,397 | 361,310 |
| | 30,711,670 | 25,618,014 |

## 7. PROFIT/(LOSS) BEFORE TAXATION

(b) The aggregate amount of emoluments received and receivable by the directors of the Group and the Company during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Salaries, allowances and bonuses | 2,032,180 | 2,222,228 | - | - |
| Other emoluments | 270,227 | 265,631 | 37,500 | 33,500 |
| Fees | 159,500 | 111,000 | 149,500 | 111,000 |
| | 2,461,907 | 2,598,859 | 187,000 | 144,500 |

## 8. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Current income tax: | | | | |
| - Current financial year | 6,280,730 | 5,296,731 | - | - |
| - (Over)/Under provision in prior financial year | (1,612,688) | 68,442 | - | (34,771) |
| | 4,668,042 | 5,365,173 | - | (34,771) |
| Deferred tax (Note 13): | | | | |
| - Origination and reversal of temporary differences | 305,033 | 539,586 | - | - |
| - Relating to changes in tax rate | (108,510) | - | - | - |
| - Under/(Over) provision in prior financial year | 1,835,930 | (36,869) | - | - |
| | 2,032,453 | 502,717 | - | - |
| | 6,700,495 | 5,867,890 | - | (34,771) |

## 8. TAXATION (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Profit/(Loss) before taxation | 23,756,545 | 21,158,782 | (27,916) | (524,012) |
| Taxation at Malaysian statutory income tax rate of 25% (2013: 25%) | 5,939,136 | 5,289,696 | (6,979) | (131,003) |
| Tax effects arising from: | | | | |
| - non-deductible expenses | 598,786 | 405,526 | 37,979 | 22,224 |
| - non-taxable income | (2,841) | (960) | - | - |
| Effect of different tax rates in foreign jurisdictions | (96,610) | (12,411) | - | - |
| Effect of changes in tax rate on opening balance of deferred tax | (108,510) | - | - | - |
| Deferred tax recognised at different tax rates | 9,310 | - | - | - |
| Deferred tax assets not recognised during the financial year | 168,982 | 154,466 | - | 108,779 |
| Utilisation of previously unrecognised deferred tax assets | (31,000) | - | (31,000) | - |
| Under/(Over) provision in prior financial year: | | | | |
| - income tax | (1,612,688) | 68,442 | - | (34,771) |
| - deferred tax | 1,835,930 | (36,869) | - | - |
| Tax expense/(credit) | 6,700,495 | 5,867,890 | - | (34,771) |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic statutory tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected these changes.

The Group and the Company have estimated unutilised tax losses of RM988,613 (2013: RM403,812) and Nil (2013: RM129,180) respectively, available to be carried forward to set-off against future taxable profits.

## 9. EARNINGS PER SHARE

(a) Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | 2014<br>RM | 2013<br>RM |
| Basic earnings per share<br>Net profit attributable to owners of the Company | 15,586,670 | 13,581,849 |
| Weighted average number of ordinary shares for basic earnings per share computation | 334,354,735 | 271,950,000 |
| Basic earnings per share (sen) | 4.66 | 4.99 |

(b) The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2014 and 31 December 2013 are the same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 10. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land and buildings | Leasehold land and buildings | Furniture and fittings | Computer and software equipment | Office equipment | Motor vehicles | Renovation | Engineering Equipment | Network facilities | Plant and machinery | Capital work-in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | <-----At Valuation-----> | | <-----At Cost | | | | | | | | -----> | |
| Cost/Valuation | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| At 1.1.2013 | 22,140,000 | 3,790,000 | 234,444 | 1,410,484 | 756,434 | 4,048,796 | 83,511 | 1,911,553 | 2,236,978 | - | 3,621,535 | 40,233,735 |
| Additions | - | 1,260,000 | 28,109 | 802,542 | 9,177 | 889,185 | 92,990 | 1,260,338 | 9,098,234 | 14,548,123 | 7,020,254 | 35,008,952 |
| Reclassifications | - | - | - | - | - | - | - | - | 5,345,575 | - | (5,345,575) | - |
| Disposals | - | - | - | (4,000) | - | (172,000) | - | (17,372) | - | - | - | (193,372) |
| At 31.12.2013 | 22,140,000 | 5,050,000 | 262,553 | 2,209,026 | 765,611 | 4,765,981 | 176,501 | 3,154,519 | 16,680,787 | 14,548,123 | 5,296,214 | 75,049,315 |
| Additions | - | - | 73,778 | 524,022 | 12,582 | 1,191,799 | 3,766,766 | 1,621,269 | 1,269,012 | 7,118,145 | 1,661,144 | 17,238,517 |
| Revaluation | 775,865 | 1,202,022 | - | - | - | - | - | - | - | - | - | 1,977,887 |
| Acquisition of a subsidiary (Note 35) | - | - | - | - | 136,520 | 632,924 | - | 1,193,135 | - | - | - | 1,962,579 |
| Disposal of a subsidiary (Note 36) | - | - | - | (9,529) | - | - | - | (81,219) | - | - | - | (90,748) |
| Transfer to investment properties (Note 11) | (8,615,865) | (2,092,022) | - | - | - | - | - | - | - | - | - | (10,707,887) |
| Disposals | - | - | - | - | - | (930,770) | - | - | (9,533,346) | - | - | (10,464,116) |
| Reclassifications | - | - | - | - | - | - | - | - | 2,053,049 | 1,649,458 | (3,702,507) | - |
| Written off | - | - | - | - | - | (20,795) | - | - | (169,865) | - | - | (190,660) |
| Translation differences | - | - | 159,672 | (127,422) | 6,255 | 29,505 | - | 53,225 | - | - | - | 121,235 |
| At 31.12.2014 | 14,300,000 | 4,160,000 | 496,003 | 2,596,097 | 920,968 | 5,668,644 | 3,943,267 | 5,940,929 | 10,299,637 | 23,315,726 | 3,254,851 | 74,896,122 |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group Accumulated Depreciation | Freehold land and buildings | Leasehold land and buildings | Furniture and fittings | Computer and software equipment | Office equipment | Motor vehicles | Renovation | Engineering Equipment | Network facilities | Plant and machinery | Capital work-in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | <-----At Valuation-----> | | <-----At Cost | | | | | | | | -----> | |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| At 1.1.2013 | 207,727 | 73,900 | 103,183 | 1,091,477 | 310,357 | 2,488,084 | 34,596 | 662,637 | 7,053 | - | - | 4,979,014 |
| Charge for the financial year | 255,975 | 63,342 | 26,691 | 204,385 | 78,157 | 537,843 | 9,826 | 440,368 | 248,049 | 165,602 | - | 2,030,238 |
| Disposals | - | - | - | (1,222) | - | (151,933) | - | (2,461) | - | - | - | (155,616) |
| Translation differences | - | - | (502) | (3,642) | - | - | - | - | - | - | - | (4,144) |
| At 31.12.2013 | 463,702 | 137,242 | 129,372 | 1,290,998 | 388,514 | 2,873,994 | 44,422 | 1,100,544 | 255,102 | 165,602 | - | 6,849,492 |
| Charge for the financial year | 255,975 | 83,089 | 86,409 | 394,538 | 84,342 | 697,892 | 140,388 | 871,823 | 370,556 | 1,530,603 | - | 4,515,615 |
| Revaluation | - | (68,968) | - | - | - | - | - | - | - | - | - | (68,968) |
| Acquisition of a subsidiary (Note 35) | - | - | - | - | 110,666 | 85,547 | - | 483,626 | - | - | - | 679,839 |
| Disposal of a subsidiary (Note 36) | - | - | - | (2,625) | - | - | - | (18,394) | - | - | - | (21,019) |
| Transfer to investment properties (Note 11) | (496,533) | (123,500) | - | - | - | - | - | - | - | - | - | (620,033) |
| Disposals | - | - | - | - | - | (930,766) | - | - | - | - | - | (930,766) |
| Written off | - | - | - | - | - | (4,082) | - | - | (8,040) | - | - | (12,122) |
| Translation differences | - | - | 103,279 | (101,615) | 5,024 | 101 | - | 28,429 | - | - | - | 35,218 |
| At 31.12.2014 | 223,144 | 27,863 | 319,060 | 1,581,296 | 588,546 | 2,722,686 | 184,810 | 2,466,028 | 617,618 | 1,696,205 | - | 10,427,256 |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group<br>Net Carrying Amount | Freehold land and buildings | Leasehold land and buildings | Furniture and fittings | Computer and software equipment | Office equipment | Motor vehicles | Renovation | Engineering Equipment | Network facilities | Plant and machinery | Capital work-in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | <-----At Valuation-----> | | <------------At Cost------------> | | | | | | | | | |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| At 31.12.2013 | 21,676,298 | 4,912,758 | 133,181 | 918,028 | 377,097 | 1,891,987 | 132,079 | 2,053,975 | 16,425,685 | 14,382,521 | 5,296,214 | 68,199,823 |
| At 31.12.2014 | 14,076,856 | 4,132,137 | 176,943 | 1,014,801 | 332,422 | 2,945,958 | 3,758,457 | 3,474,901 | 9,682,019 | 21,619,521 | 3,254,851 | 64,468,866 |

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The carrying amount of property, plant and equipment of the Group held under finance lease arrangements as at end of the financial year are as follows:

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Equipments | 12,315,635 | 814,411 |
| Motor vehicles | 3,177,964 | 1,497,174 |
| | 15,493,599 | 2,311,585 |

(b) Included in leasehold land and buildings is a leasehold land with net carrying amount of RM1,243,933 (2013: RM1,260,000) which was held in trust by a director of the Group.

(c) Leasehold land has remaining unexpired lease period of more than 50 years.

(d) The carrying amount of property, plant and equipment of the Group pledged to the licensed banks for credit facilities granted to the subsidiaries are as follows (Notes 25, 26, 27 and 31):

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Freehold land and buildings | 14,076,856 | 21,676,298 |
| Leasehold land and buildings | 4,132,137 | 4,912,758 |
| | 18,208,993 2 | 6,589,056 |

(e) In year 2014, freehold and leasehold land and buildings of the Group has been revalued by an accredited independent valuer. The valuations are based on the comparison and open market value method that makes reference to comparable properties that were transacted within reasonable time frame, close proximity and similar nature of properties.

(f) If the freehold and leasehold land and buildings were measured using the cost model, the carrying amount would be as follows:

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| **Freehold land and buildings** | | |
| Cost | - | 6,200,000 |
| Accumulated depreciation | - | (744,000) |
| Net carrying amount | - | 5,456,000 |

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) If the freehold and leasehold land and buildings were measured using the cost model, the carrying amount would be as follows: (cont'd)

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| **Leasehold land and buildings** | | |
| Cost | 1,545,160 | 2,425,160 |
| Accumulated depreciation | (95,758) | (211,577) |
| Net carrying amount | 1,449,402 | 2,213,583 |

(g) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM17,238,517 (2013: RM35,008,952) which are statisfied by the followings:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Additions of property, plant and equipment | 17,238,517 | 35,008,952 |
| Financed by finance lease arrangements | (12,502,650) | (737,500) |
| Cash payments on purchase of property, plant and equipment | 4,735,867 | 34,271,452 |

(h) Fair value information

The fair value of the land and buildings is categorised as Level 2. There is no transfer between Level 1 and Level 2 fair values during the financial year.

## 11. INVESTMENT PROPERTIES

| Group | Freehold Land and Building RM | Leasehold Land and Building RM | Total RM |
|---|---|---|---|
| **At fair value** | | | |
| At 1.1.2014 | - | - | - |
| Transfer from property, plant and equipment (Note 10) | 8,119,332 | 1,968,522 | 10,087,854 |
| At 31.12.2014 | 8,119,332 | 1,968,522 | 10,087,854 |

(a) Investment properties of the Group with an aggregate carrying amount of RM10,087,854 (2013: Nil) are pledged to the licensed banks for credit facilities granted to the subsidiaries (Notes 25, 26, 27 and 31).

(b) Leasehold land has remaining unexpired lease period of more than 50 years.

(c) In year 2014, freehold and leasehold land and buildings of the Group has been revalued by an accredited independent valuer. The valuations are based on the comparison and open market value method that makes reference to comparable properties that were transacted within reasonable time frame, close proximity and similar nature of properties.

(d) Fair value information

The fair value of the land and buildings is categorised as Level 2. There is no transfer between Level 1 and Level 2 fair values during the financial year.

## 12. INTANGIBLE ASSETS

| Group | Goodwill RM | Other Intangible Assets RM | Total RM |
|---|---|---|---|
| **Cost** | | | |
| At 1.1.2014 | - | - | - |
| Acquisition of a subsidiary (Note 35) | 7,797,476 | 12,115,000 | 19,912,476 |
| At 31.12.2014 | 7,797,476 | 12,115,000 | 19,912,476 |

## 12. INTANGIBLE ASSETS (cont'd)

| Group (cont'd) | Goodwill RM | Other Intangible Assets RM | Total RM |
|---|---|---|---|
| **Accumulated Amortisation** | | | |
| At 1.1.2014 | - | - | - |
| Charge for the financial year | - | 504,792 | 504,792 |
| At 31.12.2014 | - | 504,792 | 504,792 |
| **Net Carrying Amount** | | | |
| At 31.12.2014 | 7,797,476 | 11,610,208 | 19,407,684 |

(a) Goodwill arising from business combination has been allocated to the Group's CGU's identified according to the following segment:-

| | 2014 RM | 2013 RM |
|---|---|---|
| **Telecommunication Network Services** | 7,797,476 | - |

For the purpose of impairment testing, goodwill is allocated to the operating division of the Group which represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

**Key assumptions used in value-in-use calculations**

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on its value-in-use. Value-in-use is determined by discounting the future cash flows based on financial budgets approved by management covering a five year period. The key assumptions used for value-in-use calculations are:

| | 2014 | 2013 |
|---|---|---|
| Growth rate | 5% | - |
| Discount rate | 11% | - |

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Growth rate

The growth rate is based on management assessment on the impact of the aggressive marketing and sales activities to be carried out as well as the average growth rate for the similar companies.

## 12. INTANGIBLE ASSETS (cont'd)

(a) Goodwill arising from business combination has been allocated to the Group's CGU's identified according to the following segment:- (cont'd)

**Key assumptions used in value-in-use calculations (cont'd)**

(ii) Discount rate

Discount rate reflects the current market assessment of the risks. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.

**Sensitivity to change in assumptions**

With regard to the assessment of value-in-use calculation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

(b) Other intangible assets represents customer contracts and related customer relationship related to contracts secured from 4 major customers of a newly acquired subsidiary, PT Putra Mulia Telecommunication ("PMT') prior to the acquisition date and post acquisition date based on a valuation performed by professional valuer.

An amortisation amounting to RM504,792 relating to the customer contracts and related customer relationship has been recognised during the financial year based on estimated useful life of 8 years.

## 13. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group 2014 RM | 2013 RM |
|---|---|---|
| **Deferred tax assets/(liabilities)** | | |
| At beginning of the financial year | (937,090) | (437,883) |
| Acquisition of a subsidiary (Note 35) | 98,043 | - |
| Disposal of a subsidiary (Note 36) | 7,006 | - |
| Recognised in profit or loss (Note 8) | (2,032,453) | (502,717) |
| Transferred to revaluation reserve (Note 23) | 4,104 | 3,510 |
| Translation differences | 4,640 | - |
| At end of the financial year | (2,855,750) | (937,090) |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 13. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(a) Presented after appropriate off-setting as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Deferred tax assets | 117,479 | - |
| Deferred tax liabilities | (2,973,229) | (937,090) |
| | (2,855,750) | (937,090 |

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| **Deferred tax assets** | | |
| Accruals | 77,766 | - |
| Post employment benefits | 39,713 | - |
| | 117,479 | - |
| **Deferred tax liabilities** | | |
| Differences between the carrying amounts of property, plant and equipment and their tax bases | (2,804,378) | (764,135) |
| Revaluation surplus on property, plant and equipment | (168,851) | (172,955) |
| | (2,973,229) | (937,090) |

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Unrealised loss on foreign exchange | 116,250 | 126,138 |
| Unutilised tax losses | 988,613 | 403,812 |
| | 1,104,863 | 529,950 |

## 13. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows: (cont'd)

| | Company 2014 RM | Company 2013 RM |
|---|---|---|
| Unutilised tax losses | - | 129,180 |

## 14. INVESTMENT IN SUBSIDIARIES

| | Company 2014 RM | Company 2013 RM |
|---|---|---|
| **Unquoted shares, at cost** | | |
| At beginning of the financial year | 19,382,315 | 18,399,998 |
| Additions | 499,900 | 982,317 |
| At end of the financial year | 19,882,215 | 19,382,315 |

The details of the subsidiaries are as follows:

| Name of Company | Country of Incorporation | Effective Equiry Interest 2014 | Effective Equiry Interest 2013 | Pincipal Activities |
|---|---|---|---|---|
| **Direct subsidiaries:** | | | | |
| Milab Marketing Sdn. Bhd. | Malaysia | 100% | 100% | Provision of renewable energy and power solutions. |
| OCK International Sdn. Bhd. | Malaysia | 100% | 100% | Investment holding. |
| OCK Setia Engineering Sdn. Bhd. | Malaysia | 100% | 100% | Engaged in the provision of turnkey telecommunications network services. |
| OCK Ventures Sdn. Bhd. | Malaysia | 100% | 100% | Investment holding and general trading. |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

| Name of Company | Country of Incorporation | Effective Equiry Interest 2014 | 2013 | Pincipal Activities |
|---|---|---|---|---|
| **Subsidiaries of OCK International Sdn. Bhd.** | | | | |
| OCK Phnom Penh Pte. Ltd. * | The Kingdom of Cambodia | 100% | 100% | Provision of consultants, deployment advisory and services relating to telecommunication network services. |
| Fuzhou 1-Net Solution Co. Ltd. * | The People's Republic of China | 51% | - | Provision of various telecommunications network services. |
| PT Putra Mulia Telecommunication * | The Republic of Indonesia | 85% | - | Provision of telecommunication solution services. |
| OCK Telco Infra Pte. Ltd. * | Singapore | 100% | - | Provision of tower facilities, utilities and communication network for mobile and broadband operators. |
| **Subsidiaries of OCK Ventures Sdn. Bhd.** | | | | |
| OCK Industries Sdn. Bhd. | Malaysia | 65% | 65% | Provision of engineering services and general trading. |
| Massive Connection Sdn. Bhd. | Malaysia | 100% | - | Providing information technology services. |
| **Subsidiaries of OCK Engineering Sdn. Bhd.** | | | | |
| OCK M & E Sdn. Bhd. | Malaysia | 100% | 100% | Provision of mechanical and electrical engineering services. |
| Delicom Sdn. Bhd. | Malaysia | 100% | 100% | Provision of telecommunications network services focusing on network deployment services. |

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

| Name of Company | Country of Incorporation | Effective Equiry Interest 2014 | 2013 | Pincipal Activities |
|---|---|---|---|---|
| **Subsidiaries of OCK Engineering Sdn. Bhd. (cont'd)** | | | | |
| Dynasynergy Services Sdn. Bhd. | Malaysia | 51% | 51% | Provision of operations, engineering and maintenance services in telecommunications sector and other sectors. |
| Fortress Pte. Ltd. * | Singapore | 100% | 100% | Distribution and installation of network security products and solutions for enterprise customers and provision of technical support. |
| Firatel Sdn. Bhd. | Malaysia | 61% | 61% | Trading of telecommunications network equipment and materials. |
| El Power Technologies Sdn. Bhd. | Malaysia | 52% | 52% | Provision of green energy and power solutions. |
| OCK Yangon Pte. Ltd. | Myanmar | 100% | 100% | Provision of consultants, deployment advisory and services relating to telecommunication network services. |
| Steadcom Sdn. Bhd. | Malaysia | 51% | 51% | Provision of telecommunications network services, primarily focusing on network planning, design and optimisation. |
| Smartbean Systems Sdn. Bhd. | Malaysia | - | 51% | Engaged in supplying test and measurement equipments, software solution, information communications technology equipments, fiber network components and providing for the potential customers in the relevant area. |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

| Name of Company | Country of Incorporation | Effective Equiry Interest 2014 | 2013 | Pincipal Activities |
|---|---|---|---|---|
| **Subsidiaries of Fortress Pte Ltd.** | | | | |
| Fortress Distribution Sdn. Bhd. | Malayia | 100% | 100% | Distribution and installation of network security products and solutions for enterprise customers and provision of technical support. |

* Audited by other professional firms of accountants other than Baker Tilly Monteiro Heng.

**(a) Acquisition/Incorporation of subsidiaries**

**2014**

Fuzhou 1-Net Solution Co. Ltd.
On 17 February 2014, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had completed the incorporation of a 51% owned subsidiary, namely Fuzhou 1-Net Solution Co. Ltd. ("Fuzhou 1-Net"), a company incorporated in the People's Republic of China with a registered capital of 1,000,000 Chinese Yuan. The intended principal activity of Fuzhou 1-Net is the provision of various telecommunications network services.

Massive Connection Sdn. Bhd.
On 18 March 2014, the Company's wholly owned subsidiary, OCK Ventures Sdn. Bhd. ("OCKVSB") had acquired two (2) ordinary shares of RM1 each in Massive Connection Sdn. Bhd. ("MCSB") for a total cash consideration of RM2. Consequently, MCSB became a wholly-owned subsidiary of OCKVSB.

PT Putra Mulia Telecommunication
On 3 September 2014, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had acquired 85% equity interest in PT Putra Mulia Telecommunication ("PMT") for a total purchase consideration of RM21,250,000, to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 ordinary shares of RM0.10 each in the Company.

OCK Telco Infra Pte. Ltd.
On 22 December 2014, the Company's wholly-owned subsidiary, OCKINT had incorporated a wholly-owned subsidiary, namely OCK Telco Infra Pte. Ltd. ("OCK Telco"), a company incorporated in Singapore with an issued and paid-up capital of SGD1.00. The intended principal activity of OCK Telco is the provision of tower facilities, utilities and communication network for mobile and broadband operators.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

### (a) Acquisition/Incorporation of subsidiaries (cont'd)

**2014 (cont'd)**

OCK International Sdn. Bhd.
On 11 September 2014, the Company had further subscribed 499,900 ordinary shares of RM1.00 each in the share capital of OCKINT.

**2013**

Milab Marketing Sdn. Bhd.
On 14 August 2013, the Company acquired 250,000 ordinary shares of RM1 each of Milab Marketing Sdn. Bhd. ("Milab"), representing 100% of the total equity interest in Milab for a total cash consideration of RM232,215. Milab became a wholly-owned subsidiary of the Company.

On 27 November 2013, the Company had further subscribed 750,000 ordinary shares of RM1.00 each in Milab at par value.

OCK International Sdn. Bhd.
On 25 March 2013, the Company subscribed for 99 ordinary shares of RM1 each of OCKINT, representing 99% of the total equity interest in OCKINT for a total cash consideration of RM99. Subsequently on 28 March 2013, the Company acquired 1 ordinary share of RM1 each of OCKINT, representing 1% of the total equity interest in OCKINT for a total cash consideration of RM1. OCKINT became a wholly-owned subsidiary of the Company.

OCK Ventures Sdn. Bhd.
On 16 July 2013, the Company subscribed 2 ordinary shares of RM1 each of OCKVSB, representing 100% of the total equity interest in OCKVSB for a total cash consideration of RM2. OCKVSB became a wholly-owned subsidiary of the Company.

OCK Phnom Penh Pte. Ltd.
On 13 August 2013, OCKINT, a wholly-owned subsidiary of the Company, received the Certificate of Incorporation dated 31 July 2013 issued by the Ministry of Commerce of the Government of the Kingdom of Cambodia for the establishment of OCK Phnom Penh Pte. Ltd. ("OCKPP") as a foreign investment enterprise in The Kingdom of Cambodia.

OCKPP is established as a wholly-owned subsidiary of OCKINT with a registered capital of 400,000,000 Riels which is divided into 1,000 shares each with a par value of 400,000 Riels (equivalent to USD100,000 divided into 1,000 shares of USD100 each).

As there is no paid-up capital requirement set by Cambodia Law, OCKPP can operate the business legally with the registered capital. There is no time-frame for OCKPP to have a paid-up capital.

OCK Industries Sdn. Bhd.
On 18 July 2013, OCKVSB, a wholly-owned subsidiary of the Company, acquired 65 ordinary shares of OCK Industries Sdn. Bhd. ("OCKIND"), representing 65% of the total equity interest in OCKIND for a total cash consideration of RM65. OCKIND became an indirect subsidiary of the Company.

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

### (a) Acquisition/Incorporation of subsidiaries (cont'd)

**2013 (cont'd)**

Dynasynergy Services Sdn. Bhd.
On 30 July 2013, OCK Setia Engineering Sdn. Bhd. ("OCKSE"), a wholly-owned subsidiary of the Company, subscribed for 153,000 ordinary shares of RM1 each of Dynasynergy Services Sdn. Bhd. ("DSSB"), representing 51% of the total equity interest in DSSB for a total cash consideration of RM153,000. DSSB became an indirect subsidiary of the Company.

OCK Yangon Pte. Ltd.
On 12 July 2013, OCKSE, a wholly-owned subsidiary of the Company, received the Final Business Licence issued by the Ministry of National Planning and Economic Development of the Government of the Republic of the Union of Myanmar for the establishment of OCK Yangon Pte. Ltd ("OCK Yangon") as a foreign investment enterprise in The Republic of the Union of Myanmar.

OCK Yangon is established with a registered capital of Myanmar Kyat ("Ks.") 100,000,000 divided into 100,000 shares of Ks.1,000 each. The issued and paid-up share capital of OCK Yangon as at date of its incorporation is Ks.23,925,000 comprising of 23,925 shares of Ks.1,000 each.

OCKSE subscribed for 23,924 shares of Ks.1,000 each of OCK Yangon, representing 99.99% of the total equity interest in OCK Yangon for a total cash consideration of Ks.23,924,000.

### (b) Disposal of a subsidiary

On 14 March 2014, the Company's wholly-owned subsidiary, OCKSE had disposed of its entire 51% equity interest in Smartbean Systems Sdn. Bhd., equivalent to 153,000 ordinary shares of RM1 each for a total consideration of RM78,377.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:-

| | Fuzhou 1-Net Solution Co. Ltd. RM | PT Putra Mulia Tele-Communication RM | OCK Industries Sdn. Bhd. RM | Dynasynergy Sdn. Bhd. RM | El Power Technologies Sdn. Bhd. RM | Steadcom Sdn. Bhd. RM | Firatel Sdn. Bhd. RM | Smartbean Sdn. Bhd. RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | | |
| NCI Percentage of ownership interest and voting interest | 49% | 15% | 35% | 49% | 48% | 49% | 39% | - | |
| Carrying amount of NCI | 294,001 | 2,616,747 | (43,667) | 694,494 | 2,443,616 | 922,708 | 1,330,777 | (12,426) | 8,246,250 |
| Profit/(Loss) allocated to NCI | 5,118 | 85,720 | (30,316) | 336,324 | 461,726 | 334,145 | 276,663 | - | 1,469,380 |
| **2013** | | | | | | | | | |
| NCI Percentage of ownership interest and voting interest | - | - | 35% | 49% | 48% | 49% | 39% | 49% | |
| Carrying amount of NCI | - | - | (13,351) | 260,170 | 1,981,890 | 588,563 | 1,054,114 | 62,877 | 3,934,263 |
| (Loss)/Profit allocated to NCI | - | - | (13,387) | 113,169 | 1,095,904 | 249,353 | 344,990 | (80,986) | 1,709,043 |

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

| | Fuzhou 1-Net Solution Co. Ltd. RM | PT Putra Mulia Tele-Communication RM | OCK Industries Sdn. Bhd. RM | Dynasynergy Sdn. Bhd. RM | EI Power Technologies Sdn. Bhd. RM | Steadcom Sdn. Bhd. RM | Firatel Sdn. Bhd. RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | |
| **Assets and liabilities** | | | | | | | | |
| Non-current assets | 63,663 | 1,817,180 | 95,640 | 2,414 | 494,421 | 1,251,856 | 482,072 | 4,207,246 |
| Current assets | 918,847 | 7,800,373 | 11,302 | 6,030,867 | 14,054,855 | 5,097,185 | 6,386,179 | 40,299,608 |
| Non-current liabilities | - | (120,916) | - | - | (288,855) | (183,760) | (219,149) | (812,680) |
| Current liabilities | (400,883) | (4,540,720) | (231,708) | (4,621,365) | (9,169,553) | (4,295,533) | (3,249,979) | (26,509,741) |
| Net assets/(liabilities) | 581,627 | 4,955,917 | (124,766) | 1,411,916 | 5,090,868 | 1,869,748 | 3,399,123 | 17,184,433 |
| **Results** | | | | | | | | |
| Revenue | 1,549,500 | 7,410,102 | 11,118 | 8,713,010 | 34,156,861 | 6,879,155 | 10,114,159 | 68,833,905 |
| Profit/(Loss) for the financial year | 9,838 | 1,059,561 | (86,618) | 680,959 | 961,931 | 668,602 | 696,265 | 3,990,538 |
| Total comprehensive income/(loss) | 9,838 | 1,059,561 | (86,618) | 680,959 | 961,931 | 668,602 | 696,265 | 3,990,538 |
| Cash flows from operating activities | (71,012) | (575,002) | (78,015) | (841,840) | 3,514,098 | 170,888 | 656,748 | 2,775,865 |
| Cash flows from investing activities | (67,643) | (729,758) | (110,400) | 49,840 | (16,156) | (582,171) | (60,800) | (1,517,088) |
| Cash flows from financing activities | 567,655 | 1,876,420 | 192,460 | 592,822 | (4,336,175) | 214,436 | 293,811 | (598,571) |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 14. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows: (cont'd)

| | OCK Industries Sdn. Bhd. RM | Dynasynergy Sdn. Bhd. RM | EI Power Technologies Sdn. Bhd. RM | Steadcom Sdn. Bhd. RM | Firatel Sdn. Bhd. RM | Smartbean Sdn. Bhd. RM | Total RM |
|---|---|---|---|---|---|---|---|
| **2013** | | | | | | | |
| **Assets and liabilities** | | | | | | | |
| Non-current assets | - | 3,082 | 651,402 | 779,521 | 536,248 | 69,729 | 2,039,982 |
| Current assets | 1,100 | 2,382,186 | 17,858,841 | 4,419,557 | 3,064,829 | 180,255 | 27,906,768 |
| Non-current liabilities | - | - | (360,062) | (114,158) | (609) | (7,006) | (481,835) |
| Current liabilities | (39,248) | (1,854,311) | (14,020,943) | (3,883,773) | (897,611) | (89,298) | (20,785,184) |
| Net (liabilities)/assets | (38,148) | 530,957 | 4,129,238 | 1,201,147 | 2,702,857 | 153,680 | 8,679,731 |
| **Results** | | | | | | | |
| Revenue | - | 2,171,509 | 42,962,172 | 5,542,665 | 7,161,407 | 568,769 | 58,406,522 |
| (Loss)/Profit for the financial year | (38,248) | 230,957 | 2,283,134 | 508,881 | 884,590 | (165,280) | 3,704,034 |
| Total comprehensive (loss)/income | (38,248) | 230,957 | 2,283,134 | 508,881 | 884,590 | (165,280) | 3,704,034 |
| Cash flows from operating activities | (34,558) | (566,780) | 413,337 | (2,144,773) | 1,019,780 | (161,694) | (1,474,688) |
| Cash flows from investing activities | - | (3,347) | (775,606) | (403,144) | (544,706) | (4,543) | (1,731,346) |
| Cash flows from financing activities | 35,658 | 851,331 | 4,598,226 | 2,642,499 | (620,383) | 57,665 | 7,564,996 |

## 15. INVENTORIES

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| **At cost,** | | |
| Raw materials | 1,628,189 | 1,618,548 |
| Work-in-progress | 21,857,237 | 16,152,354 |
| Finished goods | 387,878 | 429,860 |
| | 23,873,304 | 18,200,762 |
| Inventories recognised as cost of sales | 33,117,758 | 18,761,723 |

## 16. OTHER INVESTMENTS

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| **Current** | | |
| Held-to-maturity investments (unquoted) | 453,527 | 284,227 |

The fair value information has not been disclosed for the unquoted held-to-maturity investments as its fair value cannot be measured reliably. This relates to performance bonds placed with Multi-Purpose Insurans Bhd ("MPIB") for a period of more than 3-months and bear effective interest rates ranging from 3.0% to 7.8% (2013: 3.0% to 7.8%) per annum.

## 17. TRADE AND OTHER RECEIVABLES

| | Group 2014 RM | Group 2013 RM | Company 2014 RM | Company 2013 RM |
|---|---|---|---|---|
| **Trade receivables** | | | | |
| - Third parties | 73,732,014 | 47,071,900 | - | - |
| - Related party | 3,437,202 | 1,786,250 | - | - |
| - Retention sum | 2,399,969 | 2,003,089 | - | - |
| | 79,569,185 | 50,861,239 | - | - |
| Less: Allowance for impairment loss | (265,152) | (265,152) | - | - |
| Trade receivables, net | 79,304,033 | 50,596,087 | - | - |

## 17. TRADE AND OTHER RECEIVABLES (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| **Other receivables** | | | | |
| - Third parties | 5,368,410 | 969,455 | - | - |
| - Amounts owing by subsidiaries | - | - | 69,250,586 | 33,094,952 |
| | 5,368,410 | 969,455 | 69,250,586 | 33,094,952 |
| Deposits | 4,768,879 | 2,603,420 | - | 11,600 |
| Trade and other receivables, net of advances to subcontractors and prepayments | 89,441,322 | 54,168,962 | 69,250,586 | 33,106,552 |
| Advances to sub-contractors | 4,649,301 | 7,312,855 | - | - |
| Prepayments | 5,119,907 | 4,077,447 | - | - |
| Total trade and other receivables | 99,210,530 | 65,559,264 | 69,250,586 | 33,106,552 |



(a) Credit term of trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms extended to customers ranging from 30 to 90 days (2013: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

(b) Included in trade receivables of the Group is an amount of RM3,437,202 (2013: RM1,786,250) owing by a related party in which a director of a subsidiary has substantial financial interest.

(c) Included in trade receivables of the Group are retention sum of RM2,399,969 (2013: RM2,003,089) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be collected as follows:

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Within 1 year | 654,939 | 342,072 |
| 1 to 2 years | 84,014 | 1,661,017 |
| More than 2 years | 1,661,016 | - |
| | 2,399,969 | 2,003,089 |

## 17. TRADE AND OTHER RECEIVABLES (cont'd)

(d) Included in other receivables of the Company are amounts owing by subsidiaries of RM69,250,586 (2013: RM33,094,952) which are non-trade in nature, unsecured, interest free and repayable upon demand in cash and cash equivalent.

(e) Included in other receivables of the Group is an amount of RM4,649,301 (2013: RM7,312,855), representing advances to sub-contractors which are unsecured, interest free and repayable on demand.

(f) Ageing analysis of the Group's trade receivables (excluding retention sum) are as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Neither past due nor impaired | 47,684,539 | 35,518,324 |
| 1 to 30 days past due not impaired | 11,675,022 | 4,861,582 |
| 31 to 60 days past due not impaired | 7,223,143 | 3,244,677 |
| 61 to 90 days past due not impaired | 3,509,913 | 3,420,279 |
| to 120 days past due not impaired | 6,724,017 | 1,387,139 |
| More than 121 days past due not impaired | 87,430 | 160,997 |
| | 29,219,525 | 13,074,674 |
| Impaired | 265,152 | 265,152 |
| | 77,169,216 | 48,858,150 |

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,219,525 (2013: RM13,074,674) that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

## 17. TRADE AND OTHER RECEIVABLES (cont'd)

(f) Receivables that are impaired

The Group's trade receivables that are impaired at the end of each reporting date are as follow:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| **Individually impaired** | | |
| Trade receivables - nominal amounts | 265,152 | 265,152 |
| Less: Allowance for impairment loss | (265,152) | (265,152) |
| | - | - |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group has no debtors that are collectively determined to be impaired at the reporting date.

(g) The foreign currency exposure profile of the trade receivables of the Group are as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Chinese Yuan | 473,164 | - |
| Indonesian Rupiah | 6,565,117 | - |
| Singapore Dollar | 360,624 | 656,184 |
| United States Dollar | 549,166 | 60,236 |

## 18. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Aggregate costs incurred to date | 48,025,707 | 46,460,098 |
| Recognised profit less recognised losses | 10,810,210 | 9,685,075 |
| | 58,835,917 | 56,145,173 |
| Progress billings | (48,910,054) | (50,163,764) |
| Net amount due from/(to) contract customers | 9,925,863 | 5,981,409 |

## 18. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS (cont'd)

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Presented as: | | |
| Amount due from contract customers included in current assets | 11,188,703 | 6,183,414 |
| Amount due to contract customers included in current liabilities | (1,262,840) | (202,005) |
| | 9,925,863 | 5,981,409 |

## 19. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Cash and bank balances | 59,149,449 | 18,286,752 | 45,501,523 | 30,040 |
| Deposits placed with licensed banks | 14,612,631 | 7,942,614 | 1,371,651 | 1,005,951 |
| Cash and cash equivalents as presented in statements of financial position | 73,762,080 | 26,229,366 | 46,873,174 | 1,035,991 |
| Less: Bank overdrafts (Note 24) | (1,419,957) | (1,592,108) | - | - |
| Less: Deposits pledged to licensed banks | (7,274,231) | (6,766,289) | - | - |
| Cash and cash equivalents as presented in statements of cash flows | 65,067,892 | 17,870,969 | 46,873,174 | 1,035,991 |

(a) Deposits placed with licensed banks amounting of RM7,274,231 (2013: RM6,766,289) of the Group are pledged as security for banking facilities granted to the Group (Notes 27 and 28).

(b) Deposits placed with licensed banks earn interests rates ranging from 2.60% to 3.20% (2013: 2.60% to 3.20%) per annum.

(c) The foreign currency exposure profile of cash and cash equivalents are as follows:

## 19. CASH AND CASH EQUIVALENTS (cont'd)

(c) The foreign currency exposure profile of cash and cash equivalents are as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Singapore Dollar | 132,380 | 11,668 |
| United States Dollar | 1,437,430 | 962,942 |
| Indonesian Rupiah | 526,234 | - |

## 20. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| **Authorised** | **Number of Shares Unit** | **Amount RM** | **Number of Shares Unit** | **Amount RM** |
| Ordinary shares RM0.10 each: | | | | |
| At beginning/ end of the financial year | 500,000,000 | 50,000,000 | 500,000,000 | 50,000,000 |
| **Issued and fully paid** | | | | |
| Ordinary shares RM0.10 each: | | | | |
| At beginning of the financial year | 284,900,000 | 28,490,000 | 259,000,000 | 25,900,000 |
| Issuance of shares pursuant to: | | | | |
| - acquisition of a subsidiary | 10,227,272 | 1,022,727 | - | - |
| - bonus issue | 176,053,636 | 17,605,364 | - | - |
| - private placement | 56,980,000 | 5,698,000 | 25,900,000 | 2,590,000 |
| | 243,260,908 | 24,326,091 | 25,900,000 | 2,590,000 |
| At end of the financial year | 528,160,908 | 52,816,091 | 284,900,000 | 28,490,000 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 20. SHARE CAPITAL (cont'd)

During the financial year, the following ordinary shares of RM0.10 each were issued:

| | | | Total | | |
|---|---|---|---|---|---|
| | Number of | Price | consideration | | Term of |
| Date | Purpose of issue | shares | RM/share | RM | issue |
| 06.06.2014 | Private placement for working capital | 28,490,000 | 1.30 | 37,037,000 | Cash |
| 25.06.2014 | Private placement for working capital | 28,490,000 | 1.30 | 37,037,000 | Cash |
| 11.11.2014 | Acquisition of a subsidiary | 10,227,272 | 1.10 | 11,250,000 | Equity |
| 27.11.2014 | Bonus issue | 176,053,636 | 0.10 | 17,605,364 | Equity |

## 21. SHARE PREMIUM

| | Group and Company | |
|---|---|---|
| | 2014 | 2013 |
| | RM | RM |
| At beginning of the financial year | 26,739,424 | 17,691,945 |
| Issuance of shares pursuant to: | | |
| - acquisition of a subsidiary | 10,227,272 | - |
| - bonus issue | (17,605,364) | - |
| - private placement | 68,376,000 | 9,583,000 |
| | 60,997,908 | 9,583,000 |
| Share issuance expenses | (3,550,236) | (535,521) |
| At end of the financial year | 84,187,096 | 26,739,424 |

## 22. FOREIGN CURRENCY TRANSLATION RESERVE

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 23. REVALUATION RESERVE

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| At beginning of the financial year | 3,279,567 | 3,349,543 |
| Arising from revaluation of property plant and equipment | 2,046,853 | - |
| Less: Realisation of revaluation reserve | (85,364) | (73,486) |
| Income tax relating to realisation of revaluation reserve (Note 13) | 4,104 | 3,510 |
| At end of the financial year | 5,245,160 | 3,279,567 |

The revaluation reserve relates to revaluation of freehold and leasehold land and buildings, net of tax.

## 24. BORROWINGS

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| **Current** | | |
| Bankers' acceptance (Note 25) | 9,987,354 | 14,946,649 |
| Trust receipts (Note 26) | 11,399 | 11,399 |
| Revolving projects loan (Note 27) | 15,836,962 | 23,809,308 |
| Bank overdrafts (Notes 19 and 28) | 1,419,957 | 1,592,108 |
| Bonds - unsecured (Note 29) | 474,325 | 440,000 |
| Finance lease payables (Note 30) | 2,914,720 | 550,976 |
| Term loans - secured (Note 31) | 1,564,284 | 1,165,942 |
| | 32,209,001 | 42,516,382 |
| **Non-current** | | |
| Bonds - unsecured (Note 29) | 2,788,645 | 2,787,000 |
| Finance lease payables (Note 30) | 9,584,440 | 1,017,762 |
| Term loans - secured (Note 31) | 19,906,631 | 15,706,771 |
| | 32,279,716 | 19,511,533 |
| Total borrowings | 64,488,717 | 62,027,915 |

## 25. BANKERS' ACCEPTANCE

(a) The bankers' acceptance are secured by way of:

   (i) First party legal charge over properties of a subsidiary;
   (ii) Joint and several guarantees by directors of the Company and its subsidiaries;
   (iii) Corporate guarantee from the Company;
   (iv) Assignment over all rents and other monies; and
   (v) Assignment of contract.

(b) The bankers' acceptance bears interest rates ranging from 0.75% to 1.75% (2013: 0.75% to 1.75%) per annum.

(c) Information on financial risks of bankers' acceptance is disclosed in Note 44.

## 26. TRUST RECEIPTS

(a) The trust receipts are secured by way of:

   (i) First party legal charge over properties of a subsidiary;
   (ii) Joint and several guarantees by directors of the Company and its subsidiaries; and
   (iii) Corporate guarantee from the Company.

(b) The trust receipts bear interest rates ranging from 0.75% to 2.00% (2013: 0.75% to 2.00%) per annum above the bank's base rate.

(c) Information on financial risks of trust receipts is disclosed in Note 44.

## 27. REVOLVING PROJECT LOAN

(a) The revolving projects loan is secured by way of:

   (i) All monies debenture incorporating fixed and floating charge over all present and future assets and undertaking of a subsidiary;
   (ii) Assignment of all contract proceeds arising from contracts of a subsidiary;
   (iii) Assignment of all contract proceeds and receivables of a subsidiary to be received from a frame agreement for provision of services of a subsidiary;
   (iv) Pledged of fixed deposits of the subsidiary of RM6,395,607 (2013: RM6,326,752) with a licensed bank;
   (v) Joint and several guarantees from directors of the Company and its subsidiaries; and
   (vi) Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank.

(b) The revolving projects loan bears interest rates ranging from 7.0% to 8.0% (2013: 7.0% to 8.0%) per annum.

(c) Information on financial risks of revolving projects loan is disclosed in Note 44.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 28. BANK OVERDRAFTS

(a) The bank overdrafts are secured by way of:-

(i) First party legal charge over properties of a subsidiary;
(ii) Joint and several guarantees by directors of the Company and its subsidiaries;
(iii) Assignment over all rents and other monies;
(iv) Pledge of fixed deposits of the subsidiaries with licensed banks;
(v) Corporate guarantees from the Company; and
(vi) Letter of negative pledge from a subsidiary.

(b) The bank overdrafts bear effective interest rate of 7.85% (2013: 7.85%) per annum.

(c) Information on financial risks of bank overdrafts is disclosed in Note 44.

## 29. BONDS- UNSECURED

(a) On 28 November 2013, the Group had entered into an agreement to issue 3,227,000 6-years Sukuk Murabahah bonds ("Sukuk") which bears interest at 8.2% per annum payable semi-annually in arrears.

(b) Information on financial risks of bonds is disclosed in Note 44.

## 30. FINANCE LEASE PAYABLES

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **RM** | **RM** |
| Future minimum lease payments | 14,219,215 | 1,707,714 |
| Less: Future finance charges | (1,720,055) | (138,976) |
| Total present value of minimum lease payments | 12,499,160 | 1,568,738 |
| **Payable within one year** | | |
| Future minimum lease payments | 3,632,486 | 616,092 |
| Less: Future finance charges | (717,766) | (65,116) |
| Present value of minimum lease payments | 2,914,720 | 550,976 |
| **Payable more than 1 year but not more than 5 years** | | |
| Future minimum lease payments | 10,511,127 | 1,014,411 |
| Less: Future finance charges | (1,001,043) | (71,558) |
| Present value of minimum lease payments | 9,510,084 | 942,853 |
| **Payable more than 5 years** | | |
| Future minimum lease payments | 75,602 | 77,211 |
| Less: Future finance charges | (1,246) | (2,302) |
| Present value of minimum lease payments | 74,356 | 74,909 |
| Total present value of minimum lease payments | 12,499,160 | 1,568,738 |

## 30. FINANCE LEASE PAYABLES (cont'd)

(a) The finance lease payables of the Group bear effective interest rates ranging from 4.36% to 6.53% (2013: 3.94% to 5.61%) per annum.
(b) Information on financial risks of finance lease payables is disclosed in Note 44.

## 31. TERM LOANS - SECURED

| | Group | |
|---|---|---|
| | 2014<br>RM | 2013<br>RM |
| Current liabilities (Note 24) | | |
| - due within 1 year | 1,564,284 | 1,165,942 |
| Non-current liabilities (Note 24) | | |
| - due more than 1 year but not later than 5 years | 11,761,226 | 4,950,720 |
| - due after 5 years | 8,145,405 | 10,756,051 |
| | 19,906,631 | 15,706,771 |
| | 21,470,915 | 16,872,713 |

(a) The term loans are secured by way of :

(i) First party legal charge over a property of a subsidiary;
(ii) Third party first legal charge over a property of a director;
(iii) Debenture creating a first rank fixed and floating charge over the customer's present and future assets wheresoever situated;
(iv) Memorandum of Deposit of Sinking Fund to be built up to a maximum of RM264,000 by way of monthly deposit of RM5,000 only from proceeds received in relation to the project;
(v) Third party assignment of proceeds in favour of Malaysia Debt Ventures Berhad ("MDV") in relation to the Renewable Energy Power Purchase Agreement dated 7 January 2013 executed with Tenaga Nasional Berhad;
(vi) Assignment in favour of MDV of all rights, interest and benefits of the customer over all takaful/insurance(s) issued in relation to the project;
(vii) Assignment of performance bond/bank gurantee by the contractor of the solar power to MDV;
(viii) Corporate guarantees from the Company; and
(ix) Joint and several guarantees by directors of the Company and its subsidiaries.

(b) The term loans bear interest rates ranging from 4.30% to 4.75% (2013: 4.30% to 4.75%) per annum.

(c) Information on financial risks of term loans is disclosed in Note 44.

## 32. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Trade payables | 21,490,801 | 23,469,298 | - | - |
| Retention sum | - | 505,129 | - | - |
| | 21,490,801 | 23,974,427 | - | - |
| Other payables | 1,664,033 | 6,250,498 | 55,767 | 86,647 |
| Accruals | 18,833,748 | 3,660,168 | 798,650 | 32,500 |
| Deposits | 945,224 | 956,329 | - | - |
| Amounts due to directors of subsidiaries | 1,523,919 | 539,052 | - | - |
| Amounts due to directors of related companies | - | 2,145 | - | - |
| | 22,966,924 | 11,408,192 | 854,417 | 119,147 |
| Total trade and other payables | 44,457,725 | 35,382,619 | 854,417 | 119,147 |

(a) Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 to 60 days (2013: 30 to 60 days).

(b) The foreign currency exposure profile of the trade payables of the Group are as follows:-

| | Group | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Chinese Yuan | 6,088 | - |
| Indonesian Rupiah | 404,915 | - |
| Singapore Dollar | 228,800 | - |
| US Dollar | 2,647,344 | 1,974,340 |

(c) Amounts due to directors of subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

(d) Amounts due to directors of related companies are non-trade in nature, unsecured, interest free and repayable on demand.

## 33. POST EMPLOYMENT BENEFIT LIABILITIES

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| At beginning of the financial year | - | - |
| Acquisition of a subsidiary (Note 35) | 94,391 | - |
| Recognised in profit or loss (Note 7) | 59,178 | - |
| Translation differences | 5,283 | - |
| At end of the financial year | 158,852 | - |

(a) This is in respect of provision for employees' benefits related to retirement, separation fee, service fee, compensation payments and other benefits recognised.

(b) The provision is made based on the actuarial valuation performed by an independent actuarist on its report dated 20 February 2015 using the projected unit credit method.

(c) Principal actuarial assumptions used at the reporting date are as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Discount rate | 8.54% | - |
| Normal retirement age | 55 years | - |
| Salary increase rate | 10.00% | - |

## 34. DIVIDEND

| | Group 2014 RM | Group 2013 RM | Company 2014 RM | Company 2013 RM |
|---|---|---|---|---|
| Dividend in respect of the financial year ended 31 December 2012 - final single-tier dividend of 0.5 sen per ordinary share | - | 1,295,000 | - | 1,295,000 |

During the previous financial year, the Company paid a final tax exempt single-tier dividend of 0.5 sen, on 259,000,000 ordinary shares amounting to RM1,295,000 in respect of the financial year ended 31 December 2012. The dividend had been accounted for in the equity as an appropriation of retained earnings in the financial year ended 31 December 2013.

## 35. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of PT Putra Mulia Telecommunication ("PMT")

On 3 September 2014, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had acquired 85% equity interest in PT Putra Mulia Telecommunication ("PMT") for a total purchase consideration of RM21,250,000, to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 ordinary shares of RM0.10 each in the Company.

(i) The fair value of the identifiable assets and liabilities of PMT as at the date of acquisition were as follows:

| | Group 2014 RM |
|---|---|
| Property, plant and equipment (Note 10) | 1,282,740 |
| Deferred tax assets (Note 13) | 98,043 |
| Customer contracts and related customer relationship (Note 12) | 12,115,000 |
| Trade and other receivables | 5,687,835 |
| Cash and cash equivalents | 674,769 |
| | 19,858,387 |
| Trade and other payables | (670,083) |
| Amount due to a director | (1,378,379) |
| Finance lease payables | (335,474) |
| Tax liabilities | (1,553,561) |
| Post employment benefit liabilities (Note 33) | (94,391) |
| Total identifiable net assets | 15,826,499 |
| Non-controlling interest measured at fair value | (2,373,975) |
| Goodwill arising from acquisition (Note 12) | 7,797,476 |
| | 21,250,000 |

(ii) The effects of the acquisition of PMT on cash flows of the Group were as follows:

| | Group 2014 RM |
|---|---|
| Total consideration for 85% equity interest acquired | 21,250,000 |
| Less: Consideration settled via issuance of ordinary shares | (11,250,000) |
| Consideration to be settled in cash | 10,000,000 |
| Less: Cash and cash equivalents of a subsidiary acquired | (674,769) |
| Net cash outflow of the Group on acquisition | 9,325,231 |

## 35. ACQUISITION OF SUBSIDIARIES (cont'd)

(b) Acquisition of Massive Connection Sdn. Bhd. ("MCSB")

On 18 March 2014, the Company's wholly owned subsidiary, OCK Ventures Sdn. Bhd. ("OCKVSB") had acquired two (2) ordinary shares of RM1 each in MCSB for a total cash consideration of RM2. Consequently, MCSB became a wholly-owned subsidiary of OCKVSB.

(i) The fair value of the identifiable asset of Massive as at the date of acquisition was as follows:

| | Group 2014 RM |
|---|---|
| Cash balance | 2 |
| Total identifiable net assets | 2 |

(ii) The effects of the acquisition of Massive Connection on cash flows of the Group were as follows:

| | Group 2014 RM |
|---|---|
| Consideration settled in cash | 2 |
| Less: Cash and cash equivalents of a subsidiary acquired | (2) |
| Net cash outflow of the Group on acquisition | - |

## 36. DISPOSAL OF A SUBSIDIARY

On 14 March 2014, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE") had disposed of its entire 51% equity interest in Smartbean Systems Sdn. Bhd., equivalent to 153,000 ordinary shares of RM1 each for a total consideration of RM78,377.

## 36. DISPOSAL OF A SUBSIDIARY (cont'd)

| | Group 2014 RM |
|---|---|
| Property, plant and equipment (Note 10) | 69,729 |
| Inventory | 102,564 |
| Tax assets | 6,830 |
| Trade and other receivables | 39,192 |
| Cash and cash equivalents | 43,859 |
| Trade and other payables | (101,487) |
| Deferred tax liability (Note 13) | (7,006) |
| | 153,681 |
| Less: Non-controlling interest | (75,304) |
| | 78,377 |
| Net proceed from disposal | 78,377 |
| Gain on disposal | - |

The effects of the disposal of Smartbean System Sdn. Bhd. on cash flows of the Group were as follows:

| | Group 2014 RM |
|---|---|
| Cash consideration received | 78,377 |
| Cash and cash equivalents of a subsidiary disposed | (43,859) |
| Net cash inflow arising from disposal | 34,518 |

## 37. FINANCIAL GUARANTEES

| | Company 2014 RM | Company 2013 RM |
|---|---|---|
| Financial guarantees given to licensed banks for facilities granted to subsidiaries | 32,889,625 | 33,422,869 |

## 38. CAPITAL COMMITMENTS

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| In respect of capital expenditure approved and contracted for: | | |
| - Property, plant and equipment | 2,720,540 | - |

## 39. OPERATING LEASE COMMITMENTS

### (a) The Group as lessee

The Group has entered into a commercial lease for its office premises. This lease has a tenure of 3 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into this lease.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Not later than one year | 3,026,889 | 134,708 |
| Later than one year and not later than five years | 169,853 | 123,108 |
| | 3,196,742 | 257,816 |

### (b) The Group as lessor

The Group has entered into non-cancellable lease arrangements by sub-letting its factory, warehouse and shop offices. The leases include a clause to enable upward revision of the rental charge depending on prevailing market conditions upon the expiry of these agreements.

Future minimum lease receivables as at the end of the reporting date is as follows:

| | Group 2014 RM | Group 2013 RM |
|---|---|---|
| Not later than one year | 937,536 | 725,760 |
| Later than one year and not later than five years | 699,974 | 969,425 |
| | 1,637,510 | 1,695,185 |

## 40. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, related parties, directors of the Company and key management personnel. Related parties refer to companies in which certain directors of the Company and its subsidiaries have substantial financial interests and/or are also directors of the companies.

(b) Transactions with related parties are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | RM | RM |
| **Related Parties** | | |
| Sales received/receivable | (7,752,061) | (2,171,509) |
| Rental income received/receivable | - | (139,820) |
| Purchases paid/payable | - | 101,164 |
| Consultancy fees paid/payable | 196,800 | 181,800 |
| **Key Management Personnel** | | |
| Office rental expense paid/payable | 282,768 | 282,768 |

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| | RM | RM |
| **Subsidiary** | | |
| OCK Setia Engineering Sdn. Bhd. | | |
| Management fees received/receivable | (455,000) | (36,000) |
| Office rental income received/receivable | (64,400) | (75,600) |
| Utilities fees received/receivable | (18,600) | (20,400) |

Information regarding outstanding balances arising from related parties transactions at each reporting date are disclosed in Notes 17 and 32.

## 40. RELATED PARTY TRANSACTIONS (cont'd)

(c) Compensation of Key Management Personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:-

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| Short term employee benefits | 2,191,680 | 2,333,228 | 149,500 | 111,000 |
| Post employment benefits | 270,227 | 265,631 | 37,500 | 33,500 |
| | 2,461,907 | 2,598,859 | 187,000 | 144,500 |

## 41. SEGMENT INFORMATION

The Group has five reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Telecommunication Network Services;
(ii) Green Energy & Power Solutions;
(iii) Trading;
(iv) M&E Engineering Services; and
(v) Investment Holding

There are varying level of integration between reportable segments, the Telecommunication Network Services and M&E Engineering Services reportable segments. This integration includes transfer of raw materials, providing engineering services, respectively. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 41. SEGMENT INFORMATION (cont'd)

| Group | Note | Tele-communication Network Services RM | Green Energy & Power Solutions RM | Trading RM | M&E Engineering Services RM | Investment Holding RM | Adjustments & Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External revenue | | 127,834,238 | 35,230,981 | 9,029,195 | 13,797,610 | - | - | 185,892,024 |
| Inter-segment revenue | a | 7,047,946 | 359,500 | 1,085,324 | 3,394,806 | - | (11,887,576) | - |
| | | 134,882,184 | 35,590,481 | 10,114,519 | 17,192,416 | - | (11,887,576) | 185,892,024 |
| **Results** | | | | | | | | |
| Interest income | | (757,117) | (32,675) | - | - | - | - | (789,792) |
| Depreciation | | 3,635,974 | 591,329 | 114,977 | 173,335 | - | - | 4,515,615 |
| Other non-cash expenses | b | 778,675 | 30,093 | 202,781 | - | - | - | 1,011,549 |
| Segment profit | c | 17,579,460 | 1,747,436 | 1,037,647 | 2,805,395 | - | 586,607 | 23,756,545 |
| **Segment Assets** | | | | | | | | |
| Additions to noncurrent assets | d | 28,492,941 | 795,277 | 60,800 | 4,499 | - | - | 29,353,517 |
| Segment assets | e | 229,674,374 | 27,179,159 | 6,868,251 | 17,373,391 | 136,005,975 | (114,432,089) | 302,669,061 |
| **Segment Liabilities** | f | 172,217,306 | 20,662,572 | 3,469,128 | 9,802,457 | - | (90,527,256) | 115,624,207 |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 41. SEGMENT INFORMATION (cont'd)

| Group | Note | Tele-communication Network Services RM | Green Energy & Power Solutions RM | Trading RM | M&E Engineering Services RM | Investment Holding RM | Adjustments & Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **2013** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External revenue | | 85,897,670 | 42,922,803 | 10,602,387 | 12,740,024 | - | - | 152,162,884 |
| Inter-segment revenue | a | 2,810,105 | 146,250 | 897,824 | 1,913,010 | - | (5,767,189) | - |
| | | 88,707,775 | 43,069,053 | 11,500,211 | 14,653,034 | - | (5,767,189) | 152,162,884 |
| **Results** | | | | | | | | |
| Interest income | | (219,711) | - | - | - | - | - | (219,711) |
| Depreciation | | 1,708,138 | 142,926 | 10,893 | 168,281 | - | - | 2,030,238 |
| Other non-cash expenses | b | 1,556 | 37,885 | - | - | - | 1,110 | 40,551 |
| Segment profit | c | 15,678,343 | 3,046,179 | 1,149,929 | 1,902,256 | - | (617,925) | 21,158,782 |
| **Segment Assets** | | | | | | | | |
| Additions to noncurrent assets | d | 23,346,582 | 11,107,164 | 544,706 | 10,500 | - | - | 35,008,952 |
| Segment assets e | | 156,428,231 | 29,382,232 | 5,113,998 | 14,724,921 | 53,530,994 | (74,523,520) | 184,656,856 |
| **Segment Liabilities** | f | 116,535,963 | 24,103,601 | 2,401,693 | 10,304,328 | 132,649 | (52,490,278) | 100,987,956 |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 41. SEGMENT INFORMATION (cont'd)

(a) Inter-segment revenue are eliminated on consolidation.

(b) Other material non-cash expenses consist of the following items as presented in the respective notes:

| | 2014<br>RM | 2013<br>RM |
|---|---|---|
| Amortisation of intangible assets | 504,792 | - |
| Bad debts written off | 44,644 | - |
| Deposit written off | 8,050 | - |
| Provision for post employment benefits | 59,178 | - |
| Impairment of goodwill | - | 1,110 |
| Property, plant and equipment written off | 178,538 | - |
| Unrealised loss on foreign exchange | 216,347 | 39,441 |
| | 1,011,549 | 40,551 |

(c) The following items are added to/(deducted from) segment profit/(loss) to arrive at profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

| | 2014<br>RM | 2013<br>RM |
|---|---|---|
| Profit from inter-segment sales | (1,039,683) | 252,259 |
| Unallocated corporate expenses | 2,739,160 | 1,640,431 |
| Other income | (1,112,870) | (2,510,615) |
| | 586,607 | (617,925) |

(d) Additions to non-current assets (excluding goodwill and deferred tax assets) consist of:

| | 2014<br>RM | 2013<br>RM |
|---|---|---|
| Property, plant and equipment | 17,238,517 | 35,008,952 |
| Intangible assets | 12,115,000 | - |
| | 29,353,517 | 35,008,952 |

## 41. SEGMENT INFORMATION (cont'd)

(e) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | 2014 RM | 2013 RM |
|---|---|---|
| Deferred tax assets | 117,479 | - |
| Inter-segment assets | (114,549,568) | (74,523,520) |
| | (114,432,089) | (74,523,520) |

(f) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | 2014 RM | 2013 RM |
|---|---|---|
| Deferred tax liabilities | 2,973,229 | 937,090 |
| Inter-segment liabilities | (93,500,485) | (53,427,368) |
| | (90,527,256) | (52,490,278) |

(g) **Geographical information**

Revenue information based on the geographical location of customers is as follows:

| | Revenue | |
|---|---|---|
| | 2014 RM | 2013 RM |
| Malaysia | 173,745,714 | 148,546,727 |
| Cambodia | 1,594,055 | 172,030 |
| China | 1,549,500 | - |
| Myanmar | 974,680 | - |
| Indonesia | 7,410,102 | - |
| Singapore | 617,973 | 3,444,127 |
| | 185,892,024 | 152,162,884 |

## 41. SEGMENT INFORMATION (cont'd)

### (g) Geographical information (cont'd)

Information on segments assets based on the geographical location of the Group's assets is as follows:

| | 2014 RM | 2013 RM |
|---|---|---|
| Malaysia | 286,487,377 | 182,791,046 |
| Cambodia | 2,057,958 | 655,263 |
| China | 982,510 | - |
| Myanmar | 822,085 | 93,056 |
| Indonesia | 9,617,553 | - |
| Singapore | 2,701,578 | 1,117,491 |
| | 302,669,061 | 184,656,856 |

### (h) Major customers

Revenue from three (3) major customers in the Telecommunication Network Services segment represents approximately RM90,685,121 (2013: RM60,079,026) or 49% (2013: 39%) of the Group's revenue.

## 42. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM | 2013 RM | 2014 RM | 2013 RM |
| **Group** | | | | |
| **Financial Assets** | | | | |
| **Loans and receivables** | | | | |
| Trade and other receivables, net of advances to subcontractors and prepayments | 89,441,322 | 54,168,962 | 69,250,586 | 33,106,552 |
| Amount due from contract customers | 11,188,703 | 6,183,414 | - | - |
| Cash and cash equivalents | 73,762,080 | 26,229,366 | 46,873,174 | 1,035,991 |
| | 174,392,105 | 86,581,742 | 116,123,760 | 34,142,543 |

## 42. FINANCIAL INSTRUMENTS (cont'd)

### (a) Categories of financial instruments (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM** | **2013 RM** | **2014 RM** | **2013 RM** |
| **Group** | | | | |
| **Financial Assets (cont'd)** | | | | |
| **Held-to-maturity** | | | | |
| Other investments | 453,527 | 284,227 | - | - |
| **Financial liabilities** | | | | |
| Trade and other payables | 44,457,725 | 35,382,619 | 854,417 | 119,147 |
| Borrowings | 64,488,717 | 62,027,915 | - | - |
| | 108,946,442 | 97,410,534 | 854,417 | 119,147 |

### (b) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of the financial year approximate their fair values.

### (c) Methods and assumptions used to estimate fair value

The fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, other investments, receivables and payables and amount due from contract customers.

The carrying amounts of cash and cash equivalents, other investments, receivables and payables and amount due from contract customers are reasonable approximation of fair values due to short term nature of these financial assets and liabilities.

(ii) Borrowings

The carrying amount of long term floating rate borrowings approximates their fair value as the borrowings will be re-priced to market interest rate on or near reporting date. The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current borrowing.

## 42. FINANCIAL INSTRUMENTS (cont'd)

### (c) Methods and assumptions used to estimate fair value (cont'd)

The carrying amounts of financial instruments recognised in the statements of financial position as at reporting date approximate their fair values except for the followings:

| | Group | |
|---|---|---|
| | Carrying Amount RM | Fair Value RM |
| **2014** | | |
| Financial Liabilities | | |
| Finance lease payables | 12,499,160 | 10,666,492 |
| **2013** | | |
| Financial Liabilities | | |
| Finance lease payables | 1,568,738 | 1,433,696 |



## 43. FAIR VALUE HIERARCHY



(a) Policy on transfer between levels

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

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

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There is no transfer between level 1 and level 2 fair values during the financial year.

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 43. FAIR VALUE HIERARCHY (cont'd)

As at 31 December 2014 and 31 December 2013, the Group and the Company held the following financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

| | Fair value of financial instruments not carried at fair value | | | | | |
|---|---|---|---|---|---|---|
| | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM | Total<br>fair value<br>RM | Carrying<br>amount<br>RM |
| **Group** | | | | | | |
| **2014** | | | | | | |
| **Financial liabilities** | | | | | | |
| Other financial liabilities | | | | | | |
| - finance lease payables | - | 10,666,492 | - | 10,666,492 | 10,666,492 | 12,499,160 |
| **2013** | | | | | | |
| **Financial liabilities** | | | | | | |
| Other financial liabilities | | | | | | |
| - finance lease payables | - | 1,433,696 | - | 1,433,696 | 1,433,696 | 1,568,738 |

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

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

### (a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to the credit risk arises primarily from trade and other receivables. For cash and bank balances and deposits with licensed bank, the Group and the Company minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an on-going basis with the result that the Group's and the Company's exposure to bad debt is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, approximately 50% (2013: 20%) of the Group's trade receivables were due from 5 major customers who are involved in telecommunication network services industry.

Trade receivables that are neither past due nor impaired

Information regarding trade receivables that are neither past due or impaired is disclosed in Note 17.

Trade receivables that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 17.

Trade receivables that are impaired

Information regarding trade receivables that are impaired is disclosed in Note 17.

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Credit Risk (cont'd)

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM32,889,625 (2013: RM33,422,869) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. At the reporting date, there was no indication that the subsidiaries would default on their repayments.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

| | Carrying amount RM | Contractual Cash Flow RM | On demand or within 1 year RM | 1 to 5 years RM | More than 5 years RM | Total RM |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| **Group** | | | | | | |
| Trade and other payables | 44,457,725 | 44,457,725 | 44,457,725 | - | - | 44,457,725 |
| Bankers' acceptance | 9,987,354 | 9,987,354 | 9,987,354 | - | - | 9,987,354 |
| Trust receipts | 11,399 | 11,399 | 11,399 | - | - | 11,399 |
| Revolving projects loan | 15,836,962 | 15,836,962 | 15,836,962 | - | - | 15,836,962 |
| Bank overdrafts | 1,419,957 | 1,419,957 | 1,419,957 | - | - | 1,419,957 |
| Bonds - unsecured | 3,262,970 | 4,384,996 | 483,880 | 2,708,950 | 1,192,166 | 4,384,996 |
| Finance lease payables | 12,499,160 | 14,219,215 | 3,632,486 | 10,511,127 | 75,602 | 14,219,215 |
| Term loans- secured | 21,470,915 | 26,329,304 | 2,431,504 | 11,705,242 | 12,192,558 | 26,329,304 |
| | 108,946,442 | 116,646,912 | 78,261,267 | 24,925,319 | 13,460,326 | 116,646,912 |
| **Company** | | | | | | |
| Trade and other payables | 854,417 | 854,417 | 854,417 | - | - | 854,417 |

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (b) Liquidity Risk (cont'd)

| | Carrying amount RM | Contractual Cash Flow RM | On demand or within 1 year RM | 1 to 5 years RM | More than 5 years RM | Total RM |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| **Group** | | | | | | |
| Trade and other payables | 35,382,619 | 35,382,619 | 35,382,619 | - | - | 35,382,619 |
| Bankers' acceptance | 14,946,649 | 14,946,649 | 14,946,649 | - | - | 14,946,649 |
| Trust receipts | 11,399 | 11,399 | 11,399 | - | - | 11,399 |
| Revolving projects loan | 23,809,308 | 23,809,308 | 23,809,308 | - | - | 23,809,308 |
| Bank overdrafts | 1,592,108 | 1,592,108 | 1,592,108 | - | - | 1,592,108 |
| Bonds - unsecured | 3,227,000 | 4,546,280 | 501,676 | 2,808,588 | 1,236,016 | 4,546,280 |
| Finance lease payables | 1,568,738 | 1,707,714 | 616,092 | 1,014,411 | 77,211 | 1,707,714 |
| Term loans- secured | 16,872,713 | 22,449,934 | 1,940,286 | 9,212,779 | 11,296,869 | 22,449,934 |
| | 97,410,534 | 104,446,011 | 78,800,137 | 13,035,778 | 12,610,096 | 104,446,011 |
| **Company** | | | | | | |
| Trade and other payables | 119,147 | 119,147 | 119,147 | - | - | 119,147 |

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (c) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), United Stated Dollar ("USD"), Indonesian Rupiah ("IDR") and Chinese Yuan ("CNY").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD, SGD and IDR) amounted to RM2,096,044 (2013: RM974,610).

The Group is also exposed to currency translation risk arising from its investments in foreign operations. The Group's investments in Singapore, Indonesia, China, Cambodia and Myanmar are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD, USD, IDR and CNY exchange rates against the respective functional currency of the Group entities, with all other variables held constant:

| | | Group Profit net of tax | |
|---|---|---|---|
| | | **2014 RM** | **2013 RM** |
| SGD/RM | - strengthen by 5% (2013: 5%) | 9,908 | 25,044 |
| | - weaken by 5% (2013: 5%) | (9,908) | (25,044) |
| USD/RM | - strengthen by 5% (2013: 5%) | 460 | (35,669) |
| | - weaken by 5% (2013: 5%) | (460) | 35,669 |
| IDR/RM | - strengthen by 5% (2013: 5%) | 250,741 | - |
| | - weaken by 5% (2013: 5%) | (250,741) | - |
| CNY/RM | - strengthen by 5% (2013: 5%) | 17,515 | - |
| | - weaken by 5% (2013: 5%) | (17,515) | - |

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (d) Interest Rate Risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from:

(i) Interest bearing financial assets

Cash deposits are short term in nature and are not held for speculative purposes.

The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

(ii) Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings.  The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the end of the financial year, if average interest rates increased/decreased by 1% with all other variable held constant, the Group's profit net of tax for the financial year ended 31 December 2014 will be lower/higher by RM389,922 (2013: RM453,444) as a result of exposure to floating rate borrowings.

## 45. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows.

The capital structure of the Group and of the Company consists of equity attributable to owners of the Company, comprising share capital, reserves and total liabilities.

# NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

## 45. CAPITAL MANAGEMENT (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | **RM** | **RM** | **RM** | **RM** |
| Borrowings | 64,488,717 | 62,027,915 | - | - |
| Trade and other payables | 44,457,725 | 35,382,619 | 854,417 | 119,147 |
| Amount due to contract customers | 1,262,840 | 202,005 | - | - |
| Less: Cash and cash equivalents | (73,762,080) | (26,229,366) | (46,873,174) | (1,035,991) |
| Net debt /(cash) | 36,447,202 | 71,383,173 | (46,018,757) | (916,844) |
| Total equity | 187,044,854 | 83,668,900 | 135,151,558 | 53,405,711 |
| | 223,492,056 | 155,052,073 | 89,132,801 | 52,488,867 |
| Gearing ratio | 16% | 46% | * | * |

* Not meaningful as the Company is in net cash position.

## 46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 3 September 2014, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had acquired 85% equity interest in PT Putra Mulia Telecommunication ("PMT") for a total purchase consideration of RM21,250,000 to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 ordinary shares of RM0.10 each in OCK to satisfy the remaining of the purchase consideration of RM11,250,000.

(b) On 12 November 2014, the Company increased its issued and fully paid-up ordinary shares capital by way of bonus issue of 176,053,636 ordinary shares of RM0.10 each in OCK on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM0.10 each in OCK.

(c) On 20 November 2014, the Company announced that the listing of and quotation for the entire issued and paid-up share capital of OCK have been transferred from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.

## 47. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 28 January 2015, the Company's wholly-owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCK Telco") had incorporated a 70% owned subsidiary, namely MIN-OCK Infrastructure Pte. Ltd. ("MIN-OCK"), a company incorporated in Singapore with an issued and paid-up capital of 10 ordinary shares of SGD1.00 each. The intended principal activity of MIN-OCK is the provision of tower facilities, utilities and communicate network for mobile and broadband operators.

## 48. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation:

| | Group | | |
|---|---|---|---|
| | As Previously Classified RM | Reclassification RM | As Reclassified RM |
| **Statements of profit or loss and other comprehensive income** | | | |
| Revenue | 152,041,112 | 121,772 | 152,162,884 |
| Other income | 2,013,783 | (121,772) | 1,892,011 |
| Other operating expenses | - | (128,465) | (128,465) |
| Administrative expenses | (16,889,352) | 128,465 | (16,760,887) |
| **Statements of financial position** | | | |
| Other investments | - | 284,227 | 284,227 |
| Cash and cash equivalents | 24,921,485 | 1,307,881 | 26,229,366 |
| Bank overdrafts | - | (1,592,108) | (1,592,108) |
| **Statements of cash flows** | | | |
| Cash flows from investing activities | (34,131,084) | (284,227) | (34,415,311) |
| Cash and cash equivalents at end of financial year | 18,155,196 | (284,227) | 17,870,969 |

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

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2014 and 31 December 2013 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at reporting date is analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>RM | 2013<br>RM | 2014<br>RM | 2013<br>RM |
| Total retained earnings/ (accumulated losses) of the Group and the Company | | | | |
| - realised | 60,300,240 | 40,628,945 | (1,851,629) | (1,823,713) |
| - unrealised | 1,579,403 | 897,649 | - | - |
| | 61,879,643 | 41,526,594 | (1,851,629) | (1,823,713) |
| Less: Consolidation adjustments | (8,039,011) | (3,268,159) | - | - |
| Total retained earnings/ (accumulated losses) | 53,840,632 | 38,258,435 | (1,851,629) | (1,823,713) |

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

# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of Proceeds

### i) Proceeds from Private Placement

As at 31st December 2014, the gross proceeds of RM12,173,000 raised from the private placement of 25,900,000 new ordinary shares of RM0.10 each at an issue price of RM0.47 per ordinary shares in the share capital of the Company were utilised in the following manner:-

| | RM'000 |
|---|---|
| Proceeds from Private Placement | 12,173 |
| • Regional Expansion | 5,000 |
| • Repayment to Creditors and Suppliers | 6,500 |
| • Defrayment of general expenses | 193 |
| • Placement Expenses | 480 |
| | 12,173 |
| Balance of unutilised proceeds as at 31st December 2014 | - |

### ii) Proceeds from Private Placement

As at 31st December 2014, the gross proceeds of RM740,074,000 raised from the private placement of 56,980,000 new ordinary shares of RM0.10 each at an issue price of RM1.30 per ordinary shares in the share capital of the Company were utilised in the following manner:-

| | RM'000 |
|---|---|
| Proceeds from Private Placement | 74,074 |
| • Business Expansion | 6,350 |
| • Repayment to borrowings | 8,000 |
| • Renovation costs | 3,000 |
| • General working capital | 6,479 |
| • Placement expenses | 1,500 |
| | 25,329 |
| Balance of unutilised proceeds as at 31st December 2014 | 48,745 |

## 2. Share Buy-Back

The Company has not implemented any share buy-back scheme.

## 3. Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2014.

# ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

## 4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2014.

## 5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2014.

## 6. Non-Audit Fees

Non-audit fees payable to the external auditors amounted to RM 11,000.

## 7. Variation in Results

There were no variances of 10% or more between the results for the financial year ended 31 December 2014 and the unaudited results previously announced.

## 8. Profit Forecast

The Company did not issue any profit forecast for the financial year ended 31 December 2014.

## 9. Profit Guarantee

The Company did not give any profit guarantee in respect of the financial year ended 31 December 2014.

## 10. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2014, which involves the interest of Directors and/or major shareholders.

## 11. Revaluation Policy on Landed Properties

The Company does not have a policy of regular revaluation of landed properties.

# LIST OF PROPERTIES

| Registered/ Beneficial Owner | Title/Address | Description/ Existing Use | Tenure | Land Area/ Built-up Area (sq ft) | Audited NBV as at 31 December 2013 RM'000 | Market Value/ Date RM'000 | Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance |
|---|---|---|---|---|---|---|---|
| OCK Setia | **i) Title:**<br>P.T No 366 held under Title No. H.S.(D) 292524 Mukim Pekan Hicom District of Petaling State of Selangor (formerly known as P.T Nos 629 & 630 held under Title No. H.S.(D) 63627 & 63628 respectively Mukim Damansara District of Petaling State of Selangor)<br><br>**Address:**<br>No. 79 & 80, Hicom Sector B, Jalan Gadung 27/93A, 40000 Shah Alam Selangor Darul Ehsan | Single (1) storey detached warehouse annexed with a three (3) storey office building and a double laburatory Rented to third party | Freehold | 55,800/ 46,013 | 7,840 | 7,840/ December 2014 | 20.06.1995 |

# LIST OF PROPERTIES
(cont'd)

| Registered/ Beneficial Owner | Title/Address | Description/ Existing Use | Tenure | Land Area/ Built-up Area (sq ft) | Audited NBV as at 31 December 2014 RM'000 | Market Value/ Date RM'000 | Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance |
|---|---|---|---|---|---|---|---|
| | **ii) Title:** P.T. No 703 held under Title No. H.S.(D) 194910 Town of Sunway District of Petaling State of Selangor party whilist ground floor remains unoccupied<br><br>**Address:** No. 21, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan | Three (3) storey terrace intermediate shop office/ First and second floors rented to third | 99 years lease expiring 06.11.2102 | 1,765/ 5,280 | 1,969 | 1,969/ December 2014 | 18.08.2008 |
| | **iii) Title:** P.T No 84, held Under title No. 215172, Lot No. 61777 (formerly known as HS(D) No. 225932, PT No. 84, Bandar Glenmarie, District of Petaling State of Selangor | A double storey warehouse width an annexed 3-storey office building | Freehold | 46,016 46,857 | 14,356 | 14,300/ September 2011 | 25.11.1995 |

# LIST OF PROPERTIES
(cont'd)

| Registered/ Beneficial Owner | Title/Address | Description/ Existing Use | Tenure | Land Area/ Built-up Area (sq ft) | Audited NBV as at 31 December 2014 RM'000 | Market Value/ Date RM'000 | Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance |
|---|---|---|---|---|---|---|---|
| | **Address:**<br>No. 18, Jalan Jurunilai U1/20, HICOM Glenmarie Industril Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan | | | | | | |
| OCK M&E | **iv) Title:**<br>P.T. No. 41553 held under Title No. H.S.(M) 19182, Mukim Dengkil, District of Sepang, State of Selangor<br><br>**Address:**<br>No. 6, Jalan PTP 1/1 Taman Perindustrian Tasik Perdana @ Puchong, 47120 Puchong, Selangor Darul Ehsan | One and a half storey (1 1/2 semi-detached factory/ Unoccupied | 99 years lease expiring 24.11.2107 | 8,125/ 4,043 | 2,888 | 2,900/ September 2014 | 21.09.2011 |

# LIST OF PROPERTIES
(cont'd)

| Registered/ Beneficial Owner | Title/Address | Description/ Existing Use | Tenure | Land Area/ Built-up Area (sq ft) | Audited NBV as at 31 December 2013 RM'000 | Market Value/ Date RM'000 | Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance |
|---|---|---|---|---|---|---|---|
| Milab | **v) Title:** P.T. No. 2422 held under Title No. H.S.(M) 15/90, Mukim Semarak Pasir Puteh, State of Kelantan | 1 MWP Solar Power Plant | 99 years lease expiring 17.12.2089 | 195,257 | 1,243 | 1,243 | 25.11.2013 |
| | P.T. No. 6757 held under Title No. H.S.(M) 1751, Mukim Semarak Pasir Puteh, State of Kelantan | | 99 years leaase expiring 15.4.2094 | 197,087 | | | |
| | **Address:** Kawasan Ltn Semarak, Tok Bali 46400, Pasir Puteh, Kelantan Darul Naim | | | | | | |

# ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2015

| | | |
|---|---|---|
| Authorised Share Capital | : | RM100,000,000 |
| Issued and fully paid-up Share Capital | : | RM52,816,090.80 |
| Class of Shares | : | Ordinary Shares of RM0.10 each |
| Voting Rights | : | One (1) vote per shareholder on a show of hands or one vote per ordinary shares on poll |
| Number of Shareholders | : | 3,165 |

## ANALYSIS OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of shares | % |
|---|---|---|---|---|
| Less than 100 | 30 | 0.948 | 1,410 | 0 |
| 100 – 1,000 | 124 | 3.918 | 82,831 | 0.016 |
| 1,001 - 10,000 | 1,551 | 49.005 | 8,421,859 | 1.595 |
| 10,001- 100,000 | 1,234 | 38.989 | 36,874,350 | 6.982 |
| 100,001 – 26,408,044 | 224 | 7.077 | 200,409,208 | 37.944 |
| 5% and above of issued shares capital | 2 | 0.063 | 282,371,250 | 53.463 |
| Total | 3,165 | 100 | 528,160,908 | 100 |

## Substantial Shareholders

As per the Register of Substantial Shareholders

| Name | Shareholdings Direct | Shareholdings Indirect | % |
|---|---|---|---|
| Aliran Armada Sdn. Bhd. | 210,322,500 | - | 39.82 |
| LembagaTabungAngkatanTentera | 72,048,750 | - | 13.64 |
| Ooi Chin Khoon | 5,250,000 | 217,771,550*1 | 41.27 |
| Abdul Halim Bin Abdul Hamid | - | 210,322,500*2 | 39.82 |

***Notes:-***

*1 *Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd and his Brothers, Ooi Cheng Wah's and Ooi Chin Lee's direct shareholdings in OCK Group Berhad.*

*2 *Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 6A of the Companies Act, 1965*

# ANALYSIS OF SHAREHOLDINGS
AS AT 15 APRIL 2015 (cont'd)

## Directors' Interests in Shares
As per the Register of Directors' Shareholdings

| Name | Shareholdings Direct | % | Indirect | % |
|---|---|---|---|---|
| Dato' Syed Norulzaman Bin Syed Kamarulzaman | - | - | - | - |
| Ooi Chin Khoon | 5,250,000 | 0.99 | 217,771,550*1 | 40.28 |
| Abdul Halim Bin Abdul Hamid | - | - | 210,322,500*2 | 39.82 |
| Low Hock Keong | 10,440,000 | 1.98 | 1,917,000*3 | 0.36 |
| Chang Tan Chin | 5,480,000 | 1.07 | - | - |
| Chong Wai Yew | 5,280,000 | 1.00 | - | - |
| Dato' Mohd Som Bin Ibrahim | - | - | - | - |
| Lee Yow Fui | - | - | - | - |
| Fu Lit Fung | - | - | - | - |

***Notes:-***

*1 *Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd and his Brothers, Ooi Cheng Wah's and Ooi Chin Lee's direct shareholdings in OCK Group Berhad.*

*2 *Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 6A of the Companies Act, 1965*

*3 *Deemed interested by virtue of his Mother, Hoh Moh Ying's direct shareholding in OCK Group Berhad.*

## List of Top 30 Shareholders as at 15 April 2015

| No. | Name of Shareholders | No. of Shares Held | % |
|---|---|---|---|
| 1. | Affin Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Aliran Armada Sdn Bhd | 210,322,500 | 39.82 |
| 2. | Lembaga Tabung Angkatan Tentera | 72,048,750 | 13.64 |
| 3. | He Swee Hong | 16,597,500 | 3.14 |
| 4. | Song Chin Yew | 13,746,096 | 2.60 |
| 5. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employee Provident Fund Board | 11,250,000 | 2.13 |
| 6. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>Exempt an For Phillip Capital Management Sdn Bhd | 10,792,500 | 2.043 |
| 7. | Low Hock Keong | 10,440,000 | 1.98 |
| 8. | Cartaban Nominees (Tempatan) Sdn Bhd<br>RHB Trustees Berhad for Manulife Investment Shariah Progress Fund | 5,504,250 | 1.04 |
| 9. | Chang Tan Chin | 5,480,000 | 1.04 |
| 10. | Chong Wai Yew | 5,280,000 | 1.00 |
| 11. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Security Account for Ooi Chin Khoon | 5,250,000 | 0.99 |
| 12. | Malaysia Nominees (Tempatan) Sendirian Berhad<br>Great Eastern Life Assurance (Malaysia) Berhad | 5,088,000 | 0.96 |
| 13. | Lee Mei Siang | 5,040,000 | 0.95 |
| 14. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board | 4,740,000 | 0.90 |

# ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2015 (cont'd)

**List of Top 30 Shareholders as at 15 April 2015 (cont'd)**

| No. | Name of Shareholders | No. of Shares Held | % |
|---|---|---|---|
| 15. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Allianz Life Insurance Malaysia Berhad | 4,214,300 | 0.80 |
| 16. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Allianz Life Insurance Malaysia Berhad | 3,429,000 | 0.65 |
| 17. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>Exempt an For Phillip Capital Management Sdn Bhd | 2,980,000 | 0.56 |
| 18. | Cartaban Nominees (Tempatan) Sdn Bhd<br>RHB Trustees Berhad for Manulife Investment Sdn Bhd- Hw Shariah Flexi Fund | 2,472,500 | 0.47 |
| 19. | UOB Kay Hian (Asing) Sdn Bhd<br>Exempt an For UOB Kay Hian Pte Ltd (A/C Clients) | 2,325,000 | 0.44 |
| 20. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan | 2,317,500 | 0.44 |
| 21. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>CIMB-Principal Asset Management Berhad for Lembaga Tabung Haji | 2,317,100 | 0.44 |
| 22. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>Exempt an For Phillip Capital Management Sdn Bhd | 2,193,900 | 0.42 |
| 23. | Tokio Marine Insurans (Malaysia) Berhad | 1,925,400 | 0.36 |
| 24. | Hoh Moh Ying | 1,917,000 | 0.36 |
| 25. | Ooi Chin Lee | 1,845,000 | 0.35 |
| 26. | *Lim Hooi Seeh | 1,804,812 | 0.34 |
| 27. | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial | 1,780,000 | 0.34 |
| 28. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Saw Lee Leng | 1,696,000 | 0.32 |
| 29. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Allianz Life Insurance Malaysia Berhad | 1,644,600 | 0.31 |
| 30. | Malaysia Nominees (Tempatan) Sendirian Berhad<br>Great Eastern Life Assurance (Malaysia) Berhad | 1,482,000 | 0.28 |
| | Total | 417,923,708 | 79.128 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting of OCK GROUP BERHAD (Company No.: 955915-M) will be held at Mauna Lani A Room, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 16 June 2015 at 10.00 a.m. for the following purposes:-

**ORDINARY BUSINESS:-**

1. To receive the Audited Financial Statements for the year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. ***Please refer to note 1***

2. To approve the payment of Directors' fees for the financial year ended 31 December 2014. ***Resolution 1***

3. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company's Articles of Association:-

   a) Encik Abdul Halim Bin Abdul Hamid ***Resolution 2***

   b) Mr. Ooi Chin Khoon ***Resolution 3***

   c) Mr. Fu Lit Fung ***Resolution 4***

4. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Resolution 5***

**SPECIAL BUSINESS:-**

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:-

5. **ORDINARY RESOLUTION** ***Resolution 6***
   - **Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

   "**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**6. ORDINARY RESOLUTION** ***Resolution 7***

- **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT** the Company and its subsidiaries shall be mandated to enter into the category of recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations as set out in the Circular to Shareholders dated 22 May 2015 subject to the following:

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

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year including amongst others, the following information:

(i) the type of recurrent related party transaction and;

(ii) the names of the related parties involved in each recurrent party transaction entered into and their relationship with the Company;

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

(a) the conclusion of the next AGM of the Company; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(l) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by ordinary resolution passed by the shareholders at a General Meeting;

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the transactions contemplated and/or authorised by this ordinary resolution."

# NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

**ANY OTHER BUSINESS:-**

7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

**BY ORDER OF THE BOARD**

**WONG YOUN KIM (MAICSA 7018778)**
Company Secretary

Kuala Lumpur
Date: 22 May 2015

***Notes:-***

1. *Item 1 of the Notice is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements and hence, is not put forward for voting.*

2. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting. Subject to Note 5 below, where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.*

3. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*

4. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

5. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 June 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

7. **Explanatory Notes on Special Business**

**Resolution 7 pursuant to Section 132D of the Companies Act, 1965**

*The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Third Annual General Meeting of the Company held on 28 May 2014 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.*

*The general mandate granted by the shareholders at the Third Annual General Meeting of the Company held on 28 May 2014 have been utilised via a private placement exercise which have been completed on 26 June 2014 where 56,980,000 new ordinary shares of RM0.10 each have been issued. The proceeds of RM74,074,000 raised from the private placement exercise and status of the utilisation of the proceed as at 15 April 2015 are as follows:-*

| | **RM'000** |
|---|---|
| Proceeds from Private Placement | 74,074 |
| • Business Expansion | 6,350 |
| • Repayment to borrowings | 8,000 |
| • Renovation costs | 3,000 |
| • General working capital | 6,479 |
| • Placement expenses | 1,500 |
| | 25,329 |
| Balance of unutilised proceeds as at 15th April 2015 | 48,745 |

*The general mandate for the issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding future investment, working capital and/or acquisition(s).*

8. ***Ordinary Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature***

*The proposed Ordinary Resolution 8 is intended to enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations to facilitate transactions in the normal course of business of the Company with the specified classes of related parties, provided that they are carried out on an arms' length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.*

*Please refer to the Circular to Shareholders dated 22 May 2015 for further information.*

# STATEMENT ACCOMPANYING OF THE FOURTH ANNUAL GENERAL MEETING

1. The Director who is standing for re-election at the Fourth Annual General Meeting of OCK Group Berhad are as follows:

i. Encik Abdul Halim Bin Abdul Hamid
ii. Mr. Ooi Chin Khoon
iii. Mr. Fu Lit Fung

The profiles of the Directors who are standing for re-election is set out on pages 8 to 16 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2014 are disclosed in the Corporate Governance Statement set out on pages 27 to 36 of this Annual Report.

3. The details of the Fourth Annual General Meeting are as follows:

| Date of Meeting | Time of Meeting | Place of Meeting |
|---|---|---|
| Tuesday, 16 June 2015 | 10.00 a.m | Mauna Lani A Room, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia |

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# **Proxy** Form

OCK GROUP BERHAD
(955915-M)

*I/We, ....................................................................................................
(FULL NAME IN BLOCK LETTERS)

of ....................................................................................................
(ADDRESS)

being a member(s) of OCK GROUP BERHAD, hereby appoint ..........................................................
(FULL NAME)

of ....................................................................................................
(ADDRESS)

or failing him/her, ....................................................................................
(FULL NAME)

of ....................................................................................................
(ADDRESS)

*or failing him/her, the Chairman of the Meeting as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the Fourth Annual General Meeting of the Company to be held at Mauna Lani A Room, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 16 June 2015 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:*
*(*Strike out whichever is not desired)*

*(Should you desire to direct your Proxy as to how to vote on the Resolution set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)*

| **Resolution** | | **FOR** | **AGAINST** |
|---|---|---|---|
| 1. | To approve the payment of Directors' fee for the financial year ended 31 December 2014 | | |
| 2. | Re-election of Director – Encik Abdul Halim Bin Abdul Hamid | | |
| 3. | Re-election of Director – Mr. Ooi Chin Khoon | | |
| 4. | Re-election of Director – Mr. Fu Lit Fung | | |
| 5. | To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration | | |
| **Special Business** | | | |
| 6. | Authority to Issue Shares Pursuant to Section 132D of the Companies Ac, 1965 | | |
| 7. | Proposed Renewal and Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature | | |

Dated this ......................... day of ................................................ 2015

| | |
|---|---|
| No of Ordinary Shares Held: | |
| CDS Account No.: | |
| Tel No. (during office hours): | |

| For appointment of two proxies, percentage of shareholding to be represented by the proxies:- | | |
|---|---|---|
| | No. of Shares | Percentage |
| Proxy 1 | | % |
| Proxy 2 | | % |
| Total | | 100% |

..........................................................................
Signature/Common Seal of Shareholder
[* Delete if not applicable]

*Notes:*

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting. Subject to Note 4 below, where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.*

2. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*

3. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

4. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

5. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 June 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

**OCK GROUP BERHAD**
**(955915-M)**
LEVEL 2, TOWER 1
AVENUE 5, BANGSAR SOUTH CITY
59200 KUALA LUMPUR

Then fold here