Vivocom Intl Holdings Berhad

(formerly known as Metacorn Group Berhad)

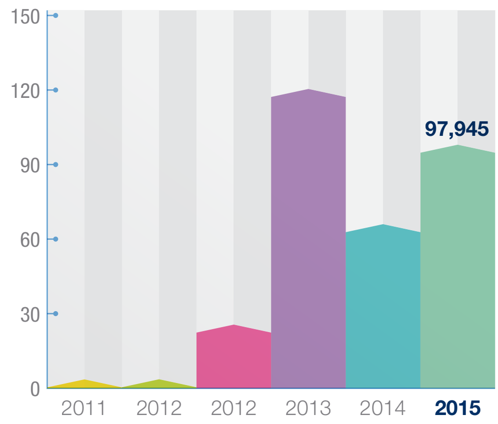
2015

ANNUAL REPORT

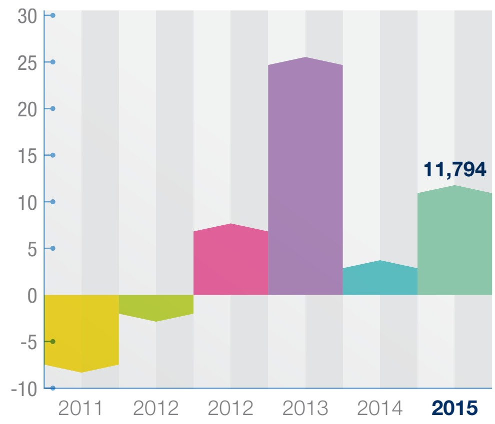
CONTENTS

Financial Highlights

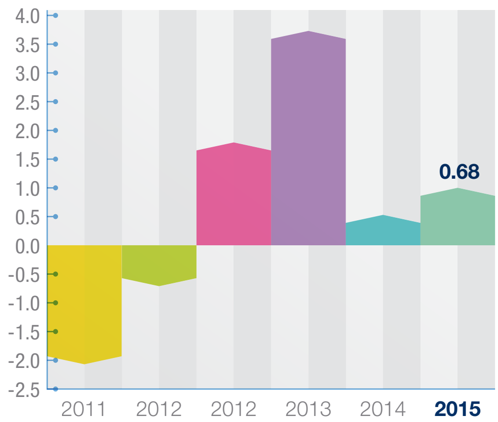
Revenue (RM'000)



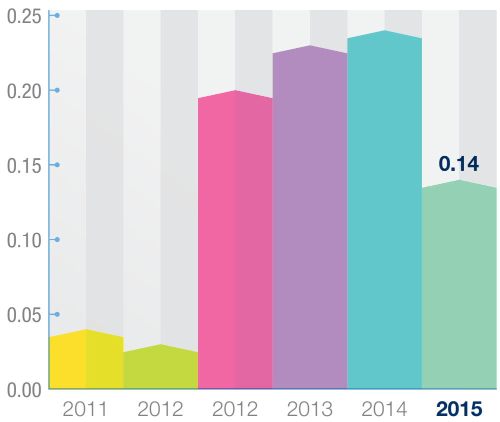
Profit before tax / (Loss before tax) (RM'000)



Basic earnings/ (loss) per share (Sen)



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



Five Years Group Financial Summary

	<------- Financial Year Ended 30 June ------->			FPE 31 Dec	<- Financial Year Ended 31 Dec ->	
	2011	2012	2012	2013	2014	2015
Financial Results (RM'000)						
Revenue	3,533	3,576	25,565	120,434	66,008	97,945
Profit before tax / (Loss before tax)	(8,340)	(2,872)	7,673	25,532	3,724	11,794
Profit/(Loss) attributable to equity holders	(8,343)	(2,869)	6,788	26,224	3,703	8,790
Key Balance Sheet Data (RM'000)						
Total Assets	16,427	13,581	253,260	237,400	217,982	412,873
Total Liabilities	142	165	115,344	73,608	50,487	83,384
Net assets attributable to equity holders	16,285	13,416	137,916	163,792	167,495	329,489
No. of shares in issue at year end	402,623,400	402,623,400	702,254,261	702,254,261	702,254,261	2,340,249,203
Shares Information						
Basic earnings/(loss) per share (sen)	(2.07)	(0.71)	1.79	3.73	0.53	0.68
Net assets per share attributable to equity holders (RM)	0.04	0.03	0.20	0.23	0.24	0.14

(formerly known as Instacom Group Berhad)
(596299-D)

To be the **Next Construction Giant**
in **Malaysia** and the **Region Beyond**

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Vivocom Intl Holdings Berhad, I hereby present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2015 ("FYE 2015").

Corporate Developments

2015 was a busy year indeed for our Group, as we sought to re-position our business focus and strategy in view of the challenging business environment. I'm glad to say that the plans that we have undertaken in 2015 have enabled us to mitigate the challenges and even gave us a satisfactory set of results for 2015. During the year, the Company :-

(a) Completed the acquisition of 78.6% equity in Neata Aluminium (Malaysia) Sdn Bhd ("Neata") and its wholly owned subsidiary company, Vivocom Enterprise Sdn Bhd ("VESB"), for a combined purchase consideration of RM132.384 million.

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

(c) Successfully listed 289,065,127 Rights Shares and 144,532,298 new Warrants D pursuant to the Renounceable Rights Issue on the basis of two (2) Rights Shares for every seven (7) existing shares held, together free detachable Warrants D on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for.

(d) Successfully listed 433,597,012 new shares pursuant to the Bonus Issue on the basis of one (1) bonus share for every three (3) shares held on 4 November 2015.

(e) Changed the Company name from Instacom Group Berhad to Vivocom Intl Holdings Berhad. The change is to strengthen the Companys's brand image and to better reflect the Company's new focus and aspiration to be a regional construction group.

Financial Performance

The steps undertaken by the Group to diversify and mitigate the softening market for telecommunication engineering services have resulted in a stronger set of results for the FYE 2015.

For FYE 2015, the Group recorded revenue of RM97.9 million, an increase of RM31.9 million from FYE 2014. The higher revenue was attributable to the consolidation of the results of the Group's new subsidiary companies, Neata and VESB. The Group's profit before tax also increased accordingly by RM8.1 million. Neata and VESB contributed revenue of RM6.2 million and RM44.9 million respectively to FYE 2015.

Construction

The revenue from the Construction segment comprised the revenue contributed by VESB. For FYE 2015, Construction contributed 45.8% of the total revenue, amounting to RM44.9 million. This revenue was derived from the progress billings of several on-going construction projects undertaken by VESB.

Aluminium Works ("Aluminium")

The revenue from the Aluminium segment comprised the revenue contributed by Neata. For FYE 2015, Aluminium contributed 6.4% of the total revenue, amounting to RM6.2 million. The works carried out comprised the design and fabrication of aluminium structures for several housing projects.

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

CME contributed 42.4% of the total revenue, amounting to RM41.5 million, representing a decrease of RM13.6million as compared to its revenue contribution for FYE 2014. The decrease is attributable to lower work orders received for this segment, which was anticipated due to the softening of telecommunication engineering industry.

Telecommunication equipment installation segment ("TI")

TI contributed 1.6% of the total revenue, amounting to RM1.6 million, representing a decrease of RM5.2 million as compared FYE 2014. The decrease is attributable to lower work orders of TI works being commissioned by customers during the year.

Turnkey build and finance ("TBF")

TBF contributed 3.8% of the total revenue, amounting to RM3.7 million, representing a decrease of RM1.8 million as compared FYE 2014. The decrease is attributable to due to lack of new major TBF projects and roll-outs during the year.

Industry Outlook and Group Prospect

As disclosed in the Company's circular to the shareholders dated 28 September 2015, VESB had an order book of RM247.35 million. Subsequently to that, VESB had vide several announcements, announced that it had won numerous contracts with the aggregated value of RM616.12 million. In addition, VESB had also entered into two (2) separate Heads of Agreement ("HoA") with Coneff Corporation Sdn Bhd on 26 January 2016 and PT Kharisma Kemingking on 15 January 2016. The potential value of work order to arise from the HoA with Coneff Corporation Sdn Bhd is expected to be not less than RM230.00 million whilst the potential value of work order to arise from the HoA with PT Kharisma Kemingking have not been fixed and shall be determined once the feasibility and due diligence study is completed and the defnitive agreements are signed. The Company expects the definitive agreements for both HoAs to be signed and work to commence within the financial year ending 31 December 2016.

In view of the positive developments above and the Group's strong order book, barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the next financial year ending 31 December 2016.

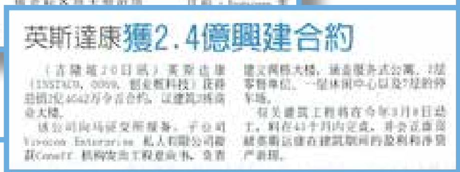
Acknowledgement and Appreciation

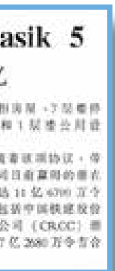
I would like to thank all of our customers, business associates, vendors, bankers and other various stakeholders for their continued assistance and support. Our heartfelt gratitude also goes out to our staff for their tireless efforts, loyalty, dedication and commitment to the Group. Last but not least,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

AR. Lim Tong Hock
Chairman
Vivocom Intl Holdings Berhad

Vivocom In The Press

Vivocom In The Press (continued)





Corporate **Profile**

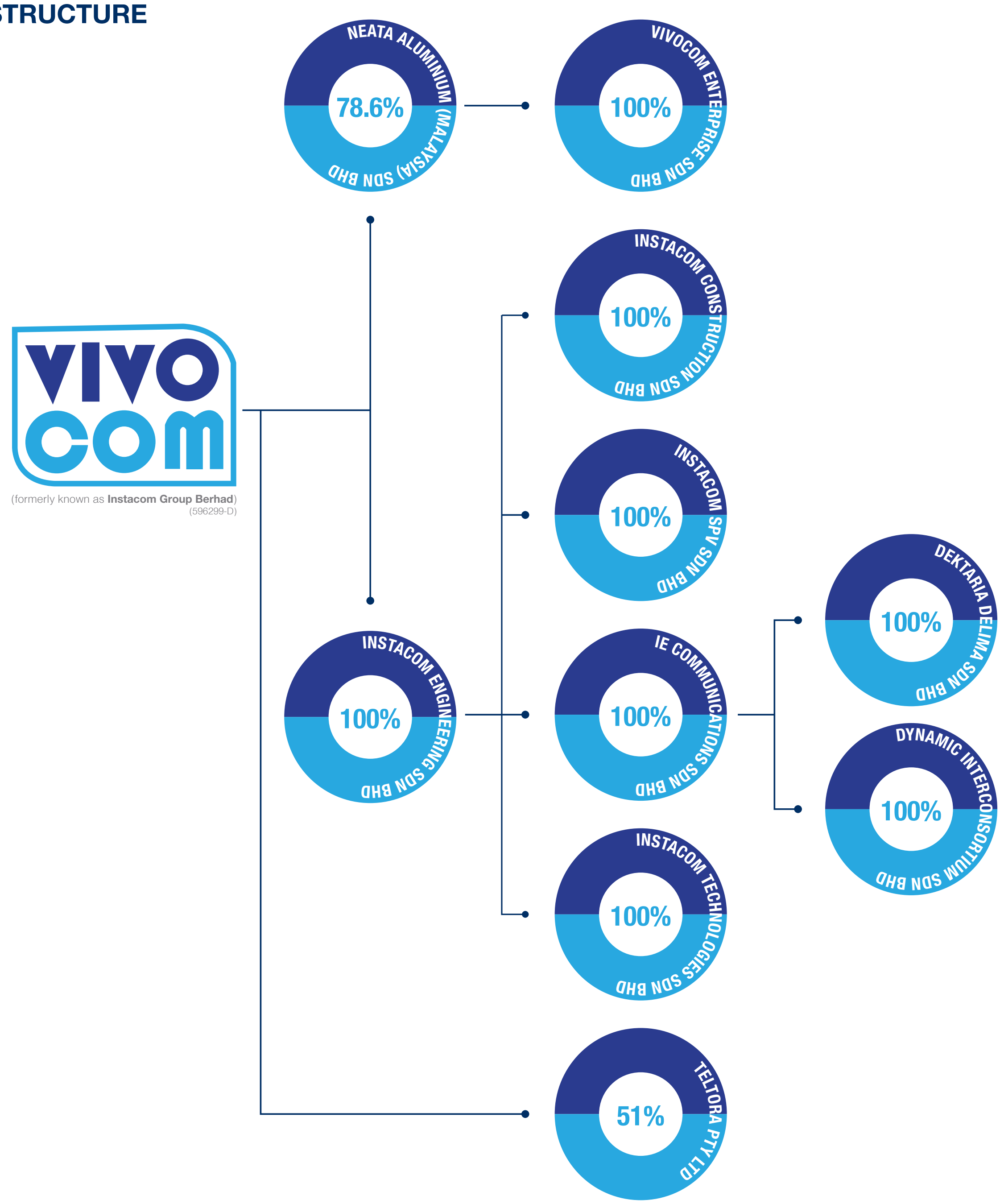
The Instacom Group was established on 8 October 2012, when Instacom Engineering Sdn Bhd completed the restructuring and reverse take-over of I-Power Berhad. Consequently, I-Power Berhad changed its name to Instacom Group Berhad.

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

During FYE 2015, the Group had acquired 78.6% of the equity in Neata Aluminium (Malaysia) Sdn Bhd, which also owns 100% of Vivocom Enterprise Sdn Bhd. This acquisition would give the Group a strong foothold in the robust and growing construction industry.

On 14 January 2016, Instacom Group Berhad changed its name to **VIVOCOM INTL HOLDINGS BERHAD**. The change of name is to strengthen the Group's brand image and to better reflect the Group's new focus and aspiration to be a regional construction group.

GROUP STRUCTURE



Corporate **Information**

Board Of Directors

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

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

Choo Seng Choon
(Executive Director)

Dato' Azahar bin Rasul
(Senior Independent Non-Executive Director)

Tay Mun Kit
(Independent Non-Executive Director)

Audit And Risk Management Committee

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

Nomination Committee

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

Remuneration Committee

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

Auditors

STYL Associates (AF 1929)
Chartered Accountants
No. 902, 9th Floor, Block A,
Damansara Intan, No. 1, Jalan SS20/27,
47400 Petaling Jaya, Selangor

Stock Exchange Listing

Bursa Malaysia Securities Berhad
(ACE Market)

Company Secretary

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

Sponsors

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

Principal Bankers

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

Registered Office

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

Share Registrar

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

Principal Place Of Business

306, 1st Floor, Lorong Perak,
Melawati Square,
Taman Melawati,
53100 Kuala Lumpur

Directors' Profile

Board of Directors

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

AR. LIM TONG HOCK

A Malaysian and aged 62, Ar. Lim Tong Hock was appointed as an Independent Non-Executive Director and as the Chairman of the Board of Directors on 1 April 2015. He is also a member of the Nomination and Remuneration Committee of the Company.

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

As at 31 December 2015, he did not hold ordinary shares in the Company.

Ar. Lim attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2015. He has no family relationship with any director or substantial shareholder of the Company.

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

MS. ANNE KUNG SOO CHING

A Malaysian and aged 54, Anne was appointed to the Board as an Executive Director and Chief Executive Officer on 8 October 2012. She holds a Bachelor of Laws (Honours) Degree from the London School of Economics and Political Science, University of London. She has been called to Lincolns Inn in London and the High Court of Borneo in 1984.

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

As at 31 December 2015, she held 131,828,568 ordinary shares in the Company. She has no family relationship with any director or substantial shareholder of the Group.

Anne attended all the Board meetings held during her tenure in office for the financial year ended 31 December 2015.

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

MR. CHOO SENG CHOON

A Malaysian and aged 42, Choo Seng Choon was appointed as an Independent Non-Executive Director on 7 September 2011. He was re-designated as an Executive Director on 15 May 2015.

Choo Seng Choon is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Member of the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors, Malaysia and a Certified Internal Auditor. He also holds a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur.

He has over 18 years of professional experience that includes internal audits, risk management, investigations, business management consulting, business process re-engineering, corporate governance advisory, due diligence, financial projections and financial audits.

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

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

As at 31 December 2015, he did not hold ordinary shares in the Company.

Choo attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2015. He has no family relationship with any director or substantial shareholder of the Company.

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

DATO' AZAHAR BIN RASUL

A Malaysian aged 54, Dato' Azahar was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 23 March 2012. He is also a member of the Nomination and Remuneration Committee of the Company.

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

As at 31 December 2015, he did not hold ordinary shares in the Company.

Dato' Azahar attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2015. He has no family relationship with any directors or substantial shareholder of the Company.

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

MR. TAY MUN KIT

A Malaysian aged 40, Tay was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 18 December 2012. He is also a member of the Nomination and Remuneration Committee of the Company. He was appointed as the Chairman of the Audit and Risk Management Committee on 1 April 2015.

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

As at 31 December 2015, he did not hold ordinary shares in the Company.

Tay attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2015. He has no family relationship with any director or substantial shareholder of the Company.

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

Joint **Chief Executive Officer's** Profile

DATO' SERI DR. YEOH SEONG MOK

A Malaysian and aged 60, Dato' Seri Dr. Yeoh was appointed to as the Joint Chief Executive Officer on 2 November 2015. He obtained his Bachelor's Degree in Construction Management from Greenwich University, UK in 2000 and Master of Science Degree in Engineering Business Management from the University of Warwick, UK in 2001. He also obtained his Doctorate Degree in Business Administration in Management from Greenwich University, Australia in 2002, Doctorate Degree in Business Administration in Project Management from Honolulu University, USA in 2002 and a Bachelor of Laws (LLB) Degree from the University of London, UK in 2007.

Dato' Seri Dr. Yeoh is a Project Management Professional certified by the PMI and a Certified Financial Planner accredited by the Financial Planning Association of Malaysia, a qualified Lead Assessor/ Auditor and Quality Management Systems, ISO 9000 by Alan A. Griffin Associates UK Ltd and Kualitas Services Ltd.

Dato' Seri Dr. Yeoh has more than 30 years of experience in managing projects. He had worked in various capacities ranging from Project Manager to General Manager in various private companies and public listed companies such as Juma Construction Sdn Bhd, Astelle Construction Sdn Bhd, Suncon Berhad, Mancon Berhad, Anson Perdana Berhad and Pelangi Berhad. He was also the Chief Executive Officer for Pembinaan Aktif Gemilang Sdn Bhd.

As at 31 December 2015, he did not hold ordinary shares in the Company. He has no family relationship with any director or substantial shareholder of the Company and he does not hold any directorship in any public listed companies.

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

Corporate Governance

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

BOARD OF DIRECTORS

Roles And Principal Responsibilities

The Role of the Board

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

(a) Reviewing and adopting a strategic plan for the Group;

(b) Overseeing the conduct of the Group of the Group's business to evaluate whether the business is being properly managed;

(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

(d) Succession planning;

(e) Developing and implementing an investor relations programme and shareholder communications policy for the Group; and

(f) Reviewing the adequacy and the integrity of the Group's internal controls systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Role of the Chairman

The roles and responsibilities of the Chairman of the Board and the CEOs are exercised by different individuals, and are clear and distinct. The Chairman's primary role is to lead and manage the Board, which would include, amongst others, leading the Board in the oversight of the management, ensuring the integrity of the corporate governance process and issues, guiding and mediating Board actions with respect to organisational priorities and governance concerns.

The joint CEOs are responsible for the development and implementation of strategy, overseeing and managing the day to day operations of the Group, such as, amongst others, developing long-term strategic and short-term cash flow plans, directing and controlling all aspects of business operations, overseeing the human resources need of the Group and ensuring compliance with all governmental procedures and regulations.

Role of the Senior Independent Director

The Senior Independent Director is Dato' Azahar bin Rasul. His role includes being the point person for the shareholders to raise their concerns that cannot be resolved through the existing investor communication channels.

Diversity of the Board

There are currently one (1) woman on the Board. However, the Board does not have a formal policy on boardroom diversity, in particular, in meeting the goal of achieving more women participation on Board as recommended by the Code. Notwithstanding this, the Board is committed to ensuring that the directors of the Company possess a broad balance of skills, knowledge, experience, independence and diversity, including gender diversity.

Succession Planning

The Board reviews the Group's talent management plan and human resources initiatives on a regular basis, to ensure continuity of key critical positions and to guide developmental actitivies.

BOARD OF DIRECTORS (continued)

Board Charter

In 2014, the Board had approved and adopted a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by the regulatory authorities. The Board charter is reqularly reviewed and updated from time to time to ensure it remain consistent with the Code. The Board Charter is available on Vivocom's corporate website at www.vivocomgroup.com

Composition and Balance

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

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

The profiles of the Directors are presented on page 10 to 11 of this annual report.

Dato' Azahar bin Rasul is the Senior Independent Non-Executive Director to whom the concerns by the public and external stakeholders can be addressed.

Reinforced Independence

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

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

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

Board Commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group, including attendance at Board, Board Committee and other types of meetings. Directors are required to provide notification to the Chairman when accepting any new appointment on the boards of other companies, to ensure that there is no potential conflict of interest. Any changes of their directorships would be tabled at the quarterly Board meetings for the Board's review. The Board is satisfied with the level of time committed by its member in discharging their duties and roles as Directors of the Company. All the Directors have complied with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on the limit of five (5) directorship in public listed companies.

Corporate Governance (continued)

BOARD OF DIRECTORS (continued)

Board Meetings And Supply of Information to the Board

The Board will meet at least four (4) times a year with additional meetings being held as and when required. For the financial year ended 31 December 2015, five (5) Board meetings were held.

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

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

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

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

No.	Name Of Members	Designation	Attendance	Percentage Of Attendance
1	Ar. Lim Tong Hock	Chairman, Independent Non-Executive Director (Appointed on 1 April 2015)	4/4	100%
2	Anne Kung Soo Ching	Executive Director/CEO	5/5	100%
3	Choo Seng Choon	Executive Director	5/5	100%
4	Dato' Azahar bin Rasul	Senior Independent Non-Executive Director	5/5	100%
5	Tay Mun Kit	Independent Non-Executive Director	5/5	100%

Directors' Training

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

During the year 2015, the Directors had attended the following training programmes :-

Directors	Title of seminar/course
Ar. Lim Tong Hock	Mandatory Accreditation Programme for Directors held on 10 & 11 April 2015
Anne Kung Soo Ching	2016 Budget and Tax Conference held on 2 November 2015
Choo Seng Choon	Auditing of Property Developers and contractors on 18 December 2015
Dato' Azahar bin Rasul	GST Preparation and Basic Store Management held on 17&18 February 2015
Tay Mun Kit	Visual Analytics with Business Intelligence Dashboards on 7 & 8 September 2015

BOARD OF DIRECTORS (continued)

Appointment and Re-election

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

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

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

Board Committees

(a) Audit and Risk Management Committee

The terms of reference of the Audit and Risk Committee are set out on page 20 to 22 of the annual report.

(b) Nomination Committee

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

Tay Mun Kit	Chairman
Ar. Lim Tong Hock	Member
Dato' Azahar bin Rasul	Member

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

Nomination Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Tay Mun Kit	1/1	100%
2	Dato' Azahar bin Rasul	1/1	100%
3	Ar. Lim Tong Hock	1/1	100%

Corporate Governance (continued)

BOARD OF DIRECTORS (continued)

Board Committees (continued)

(c) Remuneration Committee

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

Tay Mun Kit	Chairman
Ar. Lim Tong Hock	Member
Dato' Azahar bin Rasul	Member

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

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

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

The remuneration packages for the Directors for the financial year ended 31 December 2015 are as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	558	-
Fees	-	59

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

	Number of Directors	
	Executive Directors	Non-Executive Directors
1 – 50,000	-	3
50,001 – 100,000	-	-
100,001 – 150,000	-	-
150,001 – 200,000	-	-
200,001 – 250,000	-	-
250,001 – 300,000	2	-

Remuneration Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Tay Mun Kit	1/1	100%
2	Dato' Azahar bin Rasul	1/1	100%
3	Ar. Lim Tong Hock	1/1	100%

BOARD OF DIRECTORS (continued)

Board Committees (continued)

Qualified and Competent Company Secretary

The Board is supported by qualified Company Secretary. The role and responsibilities of the Company Secretary include, amongst others, advising the Board on compliance issues, attending meetings of the Board and Board committees and to regularly update and advise the Board on new statutory and regulatory requirements.

SHAREHOLDERS

Investors Relations and Shareholders Communication

The Board recognizes the importance of keeping all shareholders informed of the Group's business and corporate developments. Such information is disseminated through the Group's quarterly results, annual reports and through various disclosures via Bursa Malaysia Securities Berhad's website. The Company has set up a full-time Investors Relations ("IR") unit which primary role is to implement effective IR policies and programmes.

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

Annual General Meeting

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

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

Corporate Governance (continued)

ACCOUNTABILITY AND AUDIT (continued)

Relationship With Auditors

The Audit and Risk Management Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Audit and Risk Management Committee on their findings. In doing so, the Group forges a transparent and professional relationship with the Company's External Auditors. The Audit and Risk Management Committee has met the External Auditors twice to review and discuss the audit plan, scope and nature of the audit, audit findings and financial statements for financial year ended 31 December 2015. These meetings were conducted without the presence of the Executive Directors and the Company's management staff. An assessment of the performance of the External Auditors were undertaken by the Audit and Risk Management Committee based on the following areas :-

a. The quality and rigour of the audit performed;

b. The quality of service provided;

c. The audit firm's reputation; and

d. The independence of the external auditors.

Based on the assessment undertaken, the Audit and Risk Management Committee believes that the independence of the External Auditors have been maintained and that they have performed satisfactorily.

Ethics

The Board is committed to ensure that all of its business activities operate with the highest standards of business ethics and integrity. The Company is currently in the process of formulating and drawing up a written policy for the Code of Conduct and Ethics for the Group's operation. The Group has also set in place whistleblowing reporting procedure to ensure transparency and accountability within the Group.

Corporate Social Responsibility

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

(a) The Environment

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

(i) Paperless environment

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

(ii) Recycling

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

(iii) Inverter Based Air Conditioner

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

ACCOUNTABILITY AND AUDIT(continued)

Corporate Social Responsibility (continued)

(b) The Marketplace

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

(c) The Workplace

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

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

Directors' Responsibility Statement

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

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

Compliance Statement

The Board believes that the Company has in 2015 followed the Principles and Recommendations of the Code in all material aspects.

This statement is made in accordance with the resolution of the Board dated 28 April 2016.

Audit And Risk Management Committee Report

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Chairman	Tay Mun Kit (Independent Non-Executive Director)
Members	Ar. Lim Tong Hock (Independent Non-Executive Director) Dato' Azahar bin Rasul (Senior Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Composition

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

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

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

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

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

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

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

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

2. Duties and Responsibilities

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

Matters relating to External Audit

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

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

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

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

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

2. Duties and Responsibilities (continued)

Matters relating to External Audit (continued)

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

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

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

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

Matters relating to Internal Audit function

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

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

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

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

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

Risk Management and Internal Control

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

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

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

3. Authority

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

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

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

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

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

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

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

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

Audit And Risk Management Committee Report (continued)

4. Meetings and Minutes

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

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

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

The Secretary to the Committee shall be the Company Secretary.

5. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action. The total costs incurred for the outsourced internal audit function during the year was RM15,900.

Summary of Activities,

During the financial year ended 31 December 2015, in line with the terms of reference, the Committee carried out the following activities in the discharge of its functions and duties:

1. Meeting with the external auditors to review the audited financial statements for the financial year ended 31 December 2015;
2. Reviewed the audit reports of the Group prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;
3. Reviewed the quarterly and year-end financial results of the Group prior to submission to the Board for consideration and approval;
4. Reviewed the disclosure of related party transactions entered into by the Group in the annual report of the Group;
5. Reviewed the audit plan, nature and scope of the external auditors and considering their audit fee;
6. Reviewed the audit plan, nature and scope as proposed by the internal auditors;
7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.

MEETING ATTENDANCE

The Committee held five (5) meetings during the financial year ended 31 December 2015. The details of the attendance are as follows:

Directors	No. of meetings attended
Tay Mun Kit	5/5
Dato' Azahar bin Rasul	5/5
Ar. Lim Tong Hock (Appointed on 1 April 2015)	4/4

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

BOARD RESPONSIBILITIES

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

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

SYSTEM OF RISK MANAGEMENT

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

SYSTEM OF INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

Statement On Risk Management And Internal Control (continued)

INTERNAL AUDIT FUNCTION

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

The functions of the internal audit are as follows :-

1. Perform audit work in accordance with the pre-approved internal audit plan.
2. Carry out review on the system of internal controls of the Company.
3. Review and comment on the effectiveness and adequacy of the existing control policies and procedures.
4. Provide recommendations, if any, for the improvement of the control policies and procedures.
5. Review and comment on the implementation status of the recommendation by the internal audit function.

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

CONCLUSION

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

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group and is of the view that that the system of internal control is adequate based on the size of the Group's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may result in a significant loss to the Group for the FYE 31 December 2015. The Board will remain vigilant and continues to take the necessary measures to improve and strengthen the Group's system of risk management and internal controls to adapt to the ever changing and challenging business environment.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2015 Annual Report. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants for inclusion in the annual report and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared , in all material respect, 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, or nor is factually inaccurate.

The external auditors do not required to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon in accordance with RPG (Revised 2015).The external auditors are also not required to consider the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement was made in accordance with a resolution of the Board dated 28 April 2016

(a) Utilisation of Proceeds

The status of utilisation of the gross proceeds of RM28.907 million from the Rights Issue by the Company as at 31 December 2015 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
Future viable investments	15,000	13,743	1,257	-	Within 24 months from completion	
Repayment of borrowings	12,000	4,000	8,000	-	Within 24 months from completion	
Working capital	1,007	713	-	294	Within 24 months from completion	Being the additional rights issue expenses of RM294,000 incurred
Rights Issue expenses	900	1,194	-	(294)	Upon completion	
Total	**28,907**	**19,650**	**9,257**	**-**		

(b) Share Buybacks

There was no Share Buybacks arrangement during the financial year.

(c) Options, Warrants or Convertible Securities

(i) During the FYE 2015, 3,922 Warrants B were exercised and converted into ordinary shares. As at 31 December 2015, 500,933,303 Warrants B remained unexercised.

(ii) During the FYE 2015, 12,055 Warrants C were exercised and converted into ordinary shares. As at 31 December 2015, 200,359,783 Warrants C remained unexercised.

(iii) During the FYE 2015, 3,142 Warrants D were exercised and converted into ordinary shares. As at 31 December 2015, 192,704,997 Warrants D remained unexercised.

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

During the FYE 2015, the Company did not sponsor any ADR or GDR programme.

(e) Sanctions and Penalties

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

(f) Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group by its external auditors for the FYE 2015 was RM191,290.

Additional Compliance Information (continued)

(g) Profit Estimates, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year.

(h) Profit Guarantee

There was no other profit guarantee given by the Group in respect of the financial year.

(i) Material Contracts

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

(j) Revaluation Policy

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

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

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

Reports And Financial Statements

For The Financial Year Ended 31 December 2015

CONTENTS

Directors' Report

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

CHANGE OF NAME

On 14 January 2016, the Company changed its name from INSTACOM GROUP BERHAD to VIVOCOM INTL HOLDINGS BERHAD.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Net profit for the financial year	10,206,898	6,422,035
Other comprehensive loss, net of tax	(12,292)	-
Total comprehensive income for the financial year	10,194,606	6,422,035
Attributable to:-		
Owners of the parent	8,784,123	6,422,035
Non-controlling interests	1,410,483	-
	10,194,606	6,422,035

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

Directors' Report (continued)

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company has increased its authorised share capital from RM200,000,000/- to RM500,000,000/- by creation of additional 3,000,000,000 ordinary shares of RM0.10 each.

The Company increased its issued and fully paid up share capital from RM7,0225,426/- to RM234,024,920/- by way of issuance of:-

(i) 309,473,684 new ordinary shares of RM0.10 each at a price of RM0.19 per ordinary share as the purchase consideration of RM58,800,000/- for the acquisition of the 35% equity interest in Neata Aluminium (Malaysia) Sdn. Bhd.;

(ii) renounceable rights issue of 289,065,127 new ordinary shares of RM0.10 each on the basis of two (2) rights shares for every even (7) existing ordinary shares held at the issue price of RM0.10 per rights share together with 144,532,298 free detachable Warrants D on the basis of one (1) free Warrants D for every two (2) rights shares subscribed;

(iii) 19,119 new ordinary shares of RM0.10 each arising from the exercise of Warrants B 2013/2018, Warrants C 2015/2020 and Warrants D 2015/2020 at the exercise prices ranging from RM0.10 each to RM0.24 each for cash;

(iv) bonus issue of 433,597,012 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every three (3) existing ordinary shares held. The bonus shares were issued by the capitalisation of RM43,359,702/- from the share premium account; and

(v) 605,840,000 new ordinary shares of RM0.10 each as the partial discharge of the purchase consideration of RM73,584,000/- for the acquisition of the 43.6% equity interest in Neata Aluminium (Malaysia) Sdn. Bhd..

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares in the Company. There were no other issues of shares and debentures during the financial year.

WARRANTS B 2013/2018

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

On July 2015, 24,577,496 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant B amounted to 375,704,626. On November 2015, 125,232,599 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Bonus Issue. As at November 2015, total Warrant B amounted to 500,937,225.

3,922 warrants had exercised during the financial year. As at the end of the financial year, 500,933,303 warrants remained unexercised. Details of the Warrants B 2013/2018 are disclosed in Note 20 to the financial statements.

WARRANTS C 2015/2020

A total of 140,450,852 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every five (5) existing ordinary shares of RM0.10 each held on 22 January 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 30 January 2015.

On July 2015, 9,830,784 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant C amounted to 150,281,636. On November 2015, 50,090,202 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Bonus Issue. As at November 2015, total Warrant C amounted to 200,371,838.

12,055 warrants had exercised during the financial year. As at the end of the financial year, 200,359,783 warrants remained unexercised. Details of the Warrants C 2015/2020 are disclosed in Note 20 to the financial statements.

WARRANTS D 2015/2020

A total of 144,532,298 free detachable warrants have been issued pursuant to the Right Issue of one (1) free warrant for every two (2) subscribed Rights Share at an issue price of RM0.10 each on 15 June 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 14 July 2015. On November 2015, 48,175,841 additional warrants 2015/2020 ("Warrants D") issued pursuant to the adjustments arising from the Bonus Issue. As at November 2015, total Warrant D amounted to 192,708,139.

3,142 warrants had exercised during the financial year. As at the end of the financial year, 192,704,997 warrants remained unexercised. Details of the Warrants D 2015/2020 are disclosed in Note 20 to the financial statements.

DIRECTORS

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

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares and Warrants of the Company during the financial year ended 31 December 2015 are as follows:-

	Number of ordinary shares of RM0.10 each				
	At 1.1.2015	Allotted/ bought	Bonus #	Sold	At 31.12.2015
The Company Direct Interests					
Anne Kung Soo Ching	76,900,000	21,971,427	32,957,141	-	131,828,568

 # Pursuant to bonus issue as disclosed under Issues of Shares and Debentures.

	Number of Warrants C 2015/2020				
	At 1.1.2015	Granted	Exercised	Disposed	At 31.12.2015
The Company Direct Interests					
Anne Kung Soo Ching	-	21,942,171	-	-	21,942,171

	Number of Warrants D 2015/2020				
	At 1.1.2015	Granted	Exercised	Disposed	At 31.12.2015
The Company Direct Interests					
Anne Kung Soo Ching	-	14,647,616	-	-	14,647,616

Directors' Report (continued)

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Details of the significant events during and after the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

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

On behalf of the Board,

CHOO SENG CHOON
Director

TAY MUN KIT
Director

Kuala Lumpur

Date: 28 April 2016

Statements Of **Financial Position**

As At 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	29,695,843	26,575,981	16,424,896	16,624,077
Development expenditure	4	6,336,537	6,797,376	4,118,426	4,417,947
Intangible assets	5	528,505	586,139	528,505	586,139
Investment in subsidiaries	6	-	-	234,384,000	102,000,000
Goodwill on consolidation	7	185,209,540	75,759,818	-	-
Finance receivables	8	10,557,186	11,305,720	-	-
Trade and other receivables	9	4,253,235	12,859,344	1,319,175	-
Deferred tax assets	10	1,588,980	-	1,588,980	-
Total non-current assets		238,169,826	133,884,378	258,363,982	123,628,163
Current assets					
Inventories	11	14,757,577	19,827,019	11,687,168	17,179,978
Finance receivables	8	7,588,821	3,706,957	-	-
Trade and other receivables	9	84,556,220	40,061,601	22,650,250	16,761,313
Tax recoverable		62,750	782,346	-	-
Other investment	12	-	-	-	-
Amount owing by customers for contract work	13	35,143,076	-	-	-
Amount owing by subsidiaries	14	-	-	19,626,321	28,443,389
Fixed deposits with licensed banks	15	9,582,732	6,269,637	2,600,000	-
Cash and bank balances	16	23,011,678	13,449,619	20,531,491	12,333,488
Total current assets		174,702,854	84,097,179	77,095,230	74,718,168
TOTAL ASSETS		412,872,680	217,981,557	335,459,212	198,346,331
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	234,024,920	70,225,426	234,024,920	70,225,426
Share premium	18	44,228,601	60,863,614	44,228,601	60,863,614
Other reserves	19	4,792,099	-	4,798,368	-
Retained earnings		38,788,732	36,405,482	35,868,344	35,853,451
Shareholders' funds		321,834,352	167,494,522	318,920,233	166,942,491
Non controlling interests		7,654,676	-	-	-
TOTAL EQUITY		329,489,028	167,494,522	318,920,233	166,942,491

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

Statements Of **Financial Position** (continued)

As At 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-current liabilities					
Loans and borrowings	21	11,099,675	14,301,091	3,692,475	3,816,977
Deferred tax liabilities	10	387,407	-	-	-
Total non-current liabilities		11,487,082	14,301,091	3,692,475	3,816,977
Current liabilities					
Trade and other payables	24	35,778,387	5,433,092	6,219,449	2,579,894
Amount owing to customers for contract work	13	295,000	-	-	-
Amount owing to subsidiaries	14	-	-	-	23,589,477
Amount owing to directors	25	50,680	55,606	5,506	-
Loans and borrowings	21	27,424,079	30,695,783	6,621,549	1,416,029
Tax payables		8,348,424	1,463	-	1,463
Total current liabilities		71,896,570	36,185,944	12,846,504	27,586,863
Total liabilities		83,383,652	50,487,035	16,538,979	31,403,840
TOTAL EQUITY AND LIABILITIES		412,872,680	217,981,557	335,459,212	198,346,331

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

Statements Of **Comprehensive Income**

For The Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	26	97,945,187	66,008,423	42,600,070	58,585,578
Cost of sales		(81,506,116)	(52,038,391)	(34,959,138)	(47,062,411)
Gross Profit		16,439,071	13,970,032	7,640,932	11,523,167
Other income		815,760	2,126,246	192,895	404,519
Administrative expenses		(4,263,470)	(8,505,870)	(2,225,200)	(5,734,059)
Selling and distribution expenses		(240,809)	(216,660)	(165,090)	(64,358)
Other operating expenses		(591,402)	(77,832)	(54,803)	(7,656)
Operating Profit	27	12,159,150	7,295,916	5,388,734	6,121,613
Finance costs	29	(2,677,607)	(3,571,827)	(557,056)	(162,260)
Share in profit of associate		2,312,250	-	-	-
Profit Before Taxation		11,793,793	3,724,089	4,831,678	5,959,353
Taxation	30	(1,586,895)	(21,192)	1,590,357	(21,192)
Profit for the Financial Year		10,206,898	3,702,897	6,422,035	5,938,161
Other Comprehensive Loss for the Financial Year:-					
Foreign currency translation		(12,292)	-	-	-
Total Comprehensive Income for the Financial Year		10,194,606	3,702,897	6,422,035	5,938,161
Profit attributable to:-					
Owners of the parent		8,790,392	3,702,897	6,422,035	5,938,161
Non-controlling interests		1,416,506	-	-	-
		10,206,898	3,702,897	6,422,035	5,938,161
Total Comprehensive Income attributable to:-					
Owners of the parent		8,784,123	3,702,897	6,422,035	5,938,161
Non-controlling interests		1,410,483	-	-	-
		10,194,606	3,702,897	6,422,035	5,938,161
Basic earning per share (sen)	31	0.68	0.53		
Diluted earning per share (sen)	31	0.68	0.53		

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

Statements Of **Changes In Equity**

For The Financial Year Ended 31 December 2015

	/--------Attributable to Owners of the Company							--------/
	/----Non-distributable			----/	Distributable			
	Share Capital	Share Premium	Warrant Reserve	Exchange Reserve	Retained Earnings	Sub-Total	Non-Controlling Interests	Total Equity
Group	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2014	70,225,426	60,863,614	-	-	32,702,585	163,791,625	-	163,791,625
Total comprehensive income	-	-	-	-	3,702,897	3,702,897	-	3,702,897
Balance at 31 December 2014	70,225,426	60,863,614	-	-	36,405,482	167,494,522	-	167,494,522
Total comprehensive income for the financial year:-								
Profit for the financial year	-	-	-	-	8,790,392	8,790,392	1,416,506	10,206,898
Other comprehensive income for the financial year	-	-	-	(6,269)	-	(6,269)	(6,023)	(12,292)
Total comprehensive income	-	-	-	(6,269)	8,790,392	8,784,123	1,410,483	10,194,606
Transactions with owners:-								
Share issued for acquisition of a subsidiary	91,531,368	27,852,632	-	-	(1,608,775)	117,775,225	-	117,775,225
Renounceable rights issue with free warrants	28,906,513	(1,128,665)	4,798,472	-	(4,798,367)	27,777,953	-	27,777,953
Exercised of warrants	1,912	721	(104)	-	-	2,529	-	2,529
Bonus shares issued	43,359,701	(43,359,701)	-	-	-	-	-	-
Non-controlling interest arising from acquisition of a new subsidiary	-	-	-	-	-	-	6,244,193	6,244,193
Total transactions with owners	163,799,494	(16,635,013)	4,798,368	-	(6,407,142)	145,555,707	6,244,193	151,799,900
Balance at 31 December 2015	234,024,920	44,228,601	4,798,368	(6,269)	38,788,732	321,834,352	7,654,676	329,489,028

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

	/------Attributable to Owners of the Company------/				
		/---Non-distributable---/		Distributable	
	Share	Share	Warrant	Retained	
	Capital	Premium	Reserve	Earnings	Total Equity
Company	RM	RM	RM	RM	RM
Balance at 1 January 2014	70,225,426	60,863,614	-	29,915,290	161,004,330
Total comprehensive income	-	-	-	5,938,161	5,938,161
Balance at 31 December 2014	70,225,426	60,863,614	-	35,853,451	166,942,491
Total comprehensive income	-	-	-	6,422,035	6,422,035
Transactions with owners:-					
Share issued for acquisition of a subsidiary	91,531,368	27,852,632	-	(1,608,775)	117,775,225
Renounceable rights issue with free warrants	28,906,513	(1,128,665)	4,798,472	(4,798,367)	27,777,953
Exercised of warrants	1,912	721	(104)	-	2,529
Bonus shares issued	43,359,701	(43,359,701)	-	-	-
Total transactions with owners	163,799,494	(16,635,013)	4,798,368	(6,407,142)	145,555,707
Balance at 31 December 2015	234,024,920	44,228,601	4,798,368	35,868,344	318,920,233

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

Statements Of **Cash Flows**

For The Financial Year Ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	11,793,793	3,724,089	4,831,678	5,959,353
Adjustments for:-				
Amortisation of development expenditure	460,839	115,210	299,521	74,881
Amortisation of intangible assets	57,634	57,634	57,634	57,634
Impairment loss on:-				
- other receivables	-	58,513	-	-
- goodwill	-	16,206	-	-
Depreciation of property, plant and equipment	1,967,548	2,143,564	199,580	67,871
(Gain)/Loss on disposal of property, plant and equipment	(364,868)	(458,435)	581	-
Investment income:-				
- current year	-	(228,227)	-	-
- prior year	-	-	-	-
Interest income	(217,546)	(550,305)	(49,114)	(321)
Interest expenses	2,677,607	3,571,827	557,056	162,260
Written off of property, plant and equipment	-	57,229	-	29,662
	16,375,007	8,507,305	5,896,936	6,351,340
Changes in working capital:-				
Inventories	5,069,442	8,270,002	5,492,810	7,810,795
Trade and other receivables	(6,113,418)	(241,578)	(7,183,803)	(11,746,266)
Trade and other payables	(1,589,874)	(6,312,357)	3,639,555	(292,074)
Amount owing by customers for contract work	(2,859,231)	-	-	-
	10,881,926	10,223,372	7,845,498	2,123,795
Tax paid	(1,399,285)	(112,951)	(86)	(19,729)
Tax refunded	34,223	372,027	-	-
Interest received	217,546	550,305	49,114	321
Net Operating Cash Flows	9,734,410	11,032,753	7,894,526	2,104,387

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

For The Financial Year Ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Amount owing by subsidiaries	-	-	8,817,068	(11,613,868)
Acquisition of a subsiadiary	(13,000,000)	-	(13,000,000)	-
Disposal of investment by asset management company	-	7,120,910	-	-
Investment income	-	228,227	-	-
(Placement)/Withdrawal of fixed deposits pledged to banks	(2,788,095)	5,787,774	(2,600,000)	-
Proceeds from disposal of property, plant and equipment	2,022,623	1,614,338	1,300	5,762
Purchase of property, plant and equipment	(132,546)	(784,844)	(2,280)	(236,462)
Net Investing Cash Flows	(13,898,018)	13,966,405	(6,783,912)	(11,844,568)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Amount owing to directors	(4,926)	51,874	5,506	-
Amount owing to subsidiaries	-	-	(23,589,477)	14,799,534
Finance receivables	(3,133,330)	5,289,900	-	-
Issuance of right issue	27,777,848	-	27,777,848	-
Proceeds from exercised of of warrants	2,633	-	2,633	-
Repayment of hire purchase payables, net	(2,679,602)	(2,617,721)	-	-
Drawdown of term loans	-	8,194,750	-	4,000,000
Repayment of term loans	(2,736,108)	(3,983,313)	(118,649)	(64,994)
Drawdown/(repayment) of short term borrowings, net	(3,783,219)	(18,459,155)	5,199,667	1,298,000
Interest paid	(2,677,607)	(3,571,827)	(557,056)	(162,260)
Net Financing Cash Flows	12,765,689	(15,095,492)	8,720,472	19,870,280

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

Statements Of **Cash Flows** (continued)

For The Financial Year Ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,602,081	9,903,666	9,831,086	10,130,099
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	13,442,680	3,539,014	12,333,488	2,203,389
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22,044,761	13,442,680	22,164,574	12,333,488
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	23,011,678	13,449,619	20,531,491	12,333,488
Bank overdrafts	(966,917)	(6,939)	(966,917)	-
	22,044,761	13,442,680	22,164,574	12,333,488

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

1. GENERAL INFORMATION

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

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

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

The principal place of business of the Company is located at No. 306, 1st Floor, Lorong Perak, Melawati Square, Taman Melawati, 53100 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investments Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, Joint Arrangements – *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, Presentation of Financial Statements – *Disclosure Initiative*
- Amendments to MFRS 116, Intangible Assets – *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements - Equity Method in Separate Financial Statements

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, Statement of Cash Flows – *Disclosure Initiative*
- Amendments to MFRS 112, Income Taxes – *Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers#

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for those indicated with "*" which are not applicable to the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, except for those indicated with "#" which are not applicable to the Company.

The initial application for the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period or prior period financial statements of the Company except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Company is currently assessing the financial impact that may arise from adoption of MFRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Subsidiaries

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

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

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

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

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

(ii) Accounting for Business Combinations

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

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

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

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(ii) Accounting for Business Combinations (continued)

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

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

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

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

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

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

(iii) Accounting for Acquisition of Non-controlling Interest

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

(iv) Loss of Control

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

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

(v) Non-controlling Interest

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(v) Non-controlling Interest (continued)

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

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

(vi) Transactions Eliminated on Consolidation

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

(b) Goodwill on Consolidation

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

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

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

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

(c) Property, Plant and Equipment and Depreciation

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

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

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

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

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

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

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

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

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

(d) Leases and Hire Purchase

(i) Finance Leases and Hire Purchase

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

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

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

(ii) Operating Leases

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(d) Leases and Hire Purchase (continued)

(iii) Leases of Land and Buildings

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

(e) Inventories

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

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

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

(f) Financial Instruments

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

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

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

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

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

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

(i) Financial Assets

Financial assets at fair value through profit or loss

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

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

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(i) Financial Assets (continued)

Loans and receivables

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

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

(ii) Financial Liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(ii) Financial Liabilities (continued)

Other financial liabilities

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

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

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

(iii) Financial Guarantee Contracts

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

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

(iv) Regular Way Purchase or Sale of Financial Assets

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

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

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

(v) Derecognition

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

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

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(g) Provision for Liabilities

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

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

(h) Share Capital

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

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

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

(i) Foreign Currency Translation

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

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

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

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

(j) Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(k) Impairment

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

(i) Impairment of Financial Assets

Trade and other receivables

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

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

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

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

Unquoted equity securities carried at cost

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

(ii) Impairment of Non-financial Assets

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

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

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

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(k) Impairment (continued)

(ii) Impairment of Non-financial Assets (continued)

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

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

(l) Revenue

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

(i) Construction and Service Contracts

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

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3(t).

(iii) Revenue from Aluminium Parts

Revenue from progress payments received and receivable on gross sales value less trade discounts and returns.

(iv) Revenue from Service

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

(v) Revenue from Maintenance Contract

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

(vi) Interest Income

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

(vii) Rental Income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(m) Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Post-employment Benefits

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

(n) Income Tax

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

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

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

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

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

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

(o) Borrowing Costs

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

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

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(p) Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

(q) Operating Segment

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

(r) Contingencies

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

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

(s) Intangible asset

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant Accounting Policies (continued)

(s) Intangible asset (continued)

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

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

(t) Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the financial position date, based on work performed as certified by architects. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

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

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

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

(u) Warrants

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

2.4 Significant Accounting Estimation and Judgements

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

(a) Judgements Made in Applying Accounting Policies

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

Notes To The **Financial Statements** (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Estimation and Judgements (continued)

(b) Key Sources of Estimation Uncertainty

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

(i) Useful Lives of Property, Plant and Equipment

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

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

(ii) Impairment of Investment in Subsidiaries

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

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

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

(iii) Impairment of Property, Plant and Equipment

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Estimation and Judgements (continued)

(b) Key Sources of Estimation Uncertainty (continued)

(iv) Impairment of Loans and Receivables

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

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

(v) Impairment of Goodwill on Consolidation

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

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

The carrying amount of goodwill at the end of the reporting period is RM185,209,540/- (2014: RM75,759,818/-). Details of the impairment assessment are disclosed in Note 7 to the financial statements.

(vi) Income Taxes

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

(vii) Construction Contracts

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgements is required in determining the stage of completion, the extent of contract costs incurred, the estimated total costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(viii) Net Realisable Values of Inventories

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

Notes To The **Financial Statements** (continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and factory RM	Leasehold land and building RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation RM	Staff quarters RM	Renovation RM	Scaffolding RM	Total RM
Cost											
At 1 January 2015	8,060,000	2,045,122	5,048,887	2,662,536	10,293,805	1,096,290	8,415,967	24,605	711,644	-	38,358,856
Acquisition of a subsidiary	-	-	790,004	2,771,494	1,626,109	1,235,244	-	-	87,784	101,984	6,612,619
Additions	-	-	10,650	-	-	2,280	-	-	119,616	-	132,546
Disposals	-	-	(84,538)	(927,332)	(3,754,647)	(15,947)	-	-	-	-	(4,782,464)
At 31 December 2015	8,060,000	2,045,122	5,765,003	4,506,698	8,165,267	2,317,867	8,415,967	24,605	919,044	101,984	40,321,557
Accumulated depreciation											
At 1 January 2015	118,742	219,477	3,750,305	1,852,756	4,805,290	650,729	-	7,998	377,578	-	11,782,875
Charge for the financial year	53,200	37,221	436,835	306,784	853,606	104,503	93,511	2,460	79,428	-	1,967,548
Disposals	-	-	(72,320)	(793,855)	(2,246,307)	(12,227)	-	-	-	-	(3,124,709)
At 31 December 2015	171,942	256,698	4,114,820	1,365,685	3,412,589	743,005	93,511	10,458	457,006	-	10,625,714
Net book value at 31 December 2015	7,888,058	1,788,424	1,650,183	3,141,013	4,752,678	1,574,862	8,322,456	14,147	462,038	101,984	29,695,843

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Notes To The **Financial Statements** (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land and factory RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Renovation RM	Total RM
Cost								
At 1 January 2015	8,060,000	253,673	2,300	350,000	29,247	8,415,967	-	17,111,187
Additions	-	-	-	-	2,280	-	-	2,280
Disposals	-	(3,148)	-	-	-	-	-	(3,148)
At 31 December 2015	8,060,000	250,525	2,300	350,000	31,527	8,415,967	-	17,110,319
Accumulated depreciation								
At 1 January 2015	118,742	13,197	805	350,000	4,366	-	-	487,110
Charge for the financial year	53,200	49,351	460	-	3,058	93,511	-	199,580
Disposals	-	(1,267)	-	-	-	-	-	(1,267)
At 31 December 2015	171,942	61,281	1,265	350,000	7,424	93,511	-	685,423
Net book value at 31 December 2015	7,888,058	189,244	1,035	-	24,103	8,322,456	-	16,424,896

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Notes To The Financial Statements (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Included under property, plant and equipment are freehold land, leasehold land and buildings which are charged as security for the bank and credit facilities of the Group as disclosed in Note 23 to the financial statements.

(b) The net book value of motor vehicles and machinery of the Group held under hire purchase payables is RM4,507,366/- (2014: RM6,583,191/-) and RM2,322,532/- (2014: Nil) respectively.

4. DEVELOPMENT EXPENDITURE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cost				
At 1 January/ At 31 December	6,912,586	6,912,586	4,492,828	4,492,828
Accumulated amortisation				
At 1 January	115,210	-	74,881	-
Amortisation charge during the year	460,839	115,210	299,521	74,881
At 31 December	576,049	115,210	374,402	74,881
Carrying amount				
At 31 December	6,336,537	6,797,376	4,118,426	4,417,947

Development expenditure includes labour cost and other related cost incurred for the development and training of new skillset for the implementation and carrying out of works for Outside Plant ("OSP") site. OSP works includes civil and cabling with in-house HDD machinery and whole complement of equipment to undertake fibre infrastructure work.

The development and training have been completed during the financial year, and amortisation provided from the date of development expenditure rolled out.

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

5. INTANGIBLE ASSETS

Group and Company	Software licences RM	Intellectual property rights RM	Total RM
2015			
Cost			
At 1 January 2015/ 31 December 2015	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2015	693,775	1,883,679	2,577,454
Amortisation charge during the year	30,481	27,153	57,634
At 31 December 2015	724,256	1,910,832	2,635,088
Impairment losses			
At 1 January 2015/ 31 December 2015	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2015	365,588	162,917	528,505
2014			
Cost			
At 1 January 2014/ 31 December 2014	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2014	663,294	1,856,526	2,519,820
Amortisation charge during the year	30,481	27,153	57,634
At 31 December 2014	693,775	1,883,679	2,577,454
Impairment losses			
At 1 January 2014/ 31 December 2014	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2014	396,069	190,070	586,139

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

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

Notes To The **Financial Statements** (continued)

5. INTANGIBLE ASSETS (continued)

The software licences and intellectual property rights are amortised on a straight line basis over 20 (2014: 20) years. The amortisation of software licences and intellectual property rights are included in the "Administrative expenses" in the statement of comprehensive income.

The impairment losses of software licences and intellectual property rights amounted to RM3,410,156/- and RM1,926,251/- respectively, representing the write down of recoverable amount and recognised in statement of comprehensive income in prior years. The recoverable amount of software licences and intellectual property rights were based on its value in use and the pre-tax discount rate of 6.00%.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM	RM
Unquoted shares, at cost		
At 1 January	102,000,000	102,000,000
Acquisition of a subsidiary during the year	132,384,000	-
At 31 December	234,384,000	102,000,000

All subsidiaries are incorporated in Malaysia, except Teltora (Pty) Ltd. Details of the subsidiaries are as follows:-

	Effective Equity Interest		
	2015	2014	
Name of Companies	%	%	**Principal Activities**
Direct Subsidiaries			
Instacom Engineering Sdn. Bhd.	100	100	Telecommunication engineering and services
Neata Aluminium (Malaysia) Sdn. Bhd.	78.6	-	Fabrication and installations aluminium doors and windows
Teltora (Pty) Ltd *#@	51	-	Dormant
Indirect Subsidiaries			
Held through Instacom Engineering Sdn. Bhd.			
Instacom SPV Sdn. Bhd.	100	100	Incorporated as the funding vehicle for the purpose of issuance of Islamic Medium Term Notes in accordance to the Syariah Principle of Muradabahah

6. INVESTMENT IN SUBSIDIARIES (continued)

All subsidiaries are incorporated in Malaysia, except Teltora (Pty) Ltd. Details of the subsidiaries are as follows:- (continued)

	Effective Equity Interest		
	2015	2014	
Name of Companies	%	%	Principal Activities
Indirect Subsidiaries (continued)			
Held through Instacom Engineering Sdn. Bhd. (continued)			
Instacom Construction Sdn. Bhd.	100	100	Telecommunication engineering and services
Instacom Technologies Sdn. Bhd.	100	100	Trading in telecommunication, electrical and civil engineering equipment, tools and materials but has not commenced operations during the year
IE Communication Sdn. Bhd.	100	100	Investment holding company
Held through IE Communication Sdn. Bhd.			
Dektaria Delima Sdn. Bhd.	100	100	Investment holding company
Dynamic Interconsortium Sdn. Bhd.	100	100	Dormant
Held through Neata Aluminium (Malaysia) Sdn. Bhd.			
Vivocom Enterprise Sdn. Bhd.	100	-	Construction services

* *Audited by audit firm other than STYL Associates.*

\# *Subsidiary incorporated in South Africa.*

@ *The audited financial statements and auditor's report for the financial year were not available. However, the financial statements of Teltora (Pty) Ltd used for consolidation purposes was reviewed by STYL Associates.*

(a) Acquisition of Teltora (Pty) Ltd

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

On 31 March 2015, Instacom Group SA changed its name to Teltora (Pty) Ltd.

The non-controlling interest and financial information of Teltora (Pty) Ltd have not been presented as it is immaterial.

Notes To The **Financial Statements** (continued)

6. INVESTMENT IN SUBSIDIARIES (continued)

(b) Acquisition of Neata Aluminium (Malaysia) Sdn. Bhd.

On 30 January 2015, the Company acquired 35% equity interest in Neata Aluminium (Malaysia) Sdn. Bhd. ("NASB") for a purchase consideration of RM58,800,000/-. The acquisition is done by way of issuance of 309,473,684 new ordinary shares of RM0.10 each at a price of RM0.19 per ordinary share. As a result of this acquisition, NASB became an associate of the Company and Vivocom Enterprise Sdn. Bhd. ("VESB") also became an associate of the Company through its indirect equity interest.

On 31 October 2015, the Company acquired an additional 43.6% equity interest in NASB from its non-controlling interests for a purchase consideration of RM73,584,000/-. The acquisition is done by way of issuance of 605,840,000 new ordinary shares of RM0.10 each and cash consideration of RM13,000,000/-. As a result of this acquisition, NASB became a subsidiary of the Company and VESB also became a subsidiary of the Company through its indirect equity interest.

(i) Effects of acquisition in statement of comprehensive income:-

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:-

	RM
Revenue	51,132,084
Profit for the financial year	6,615,664

(ii) Fair value of the identifiable assets acquired and liabilities recognised:-

Net identified assets

	RM
Assets	
Property, plant and equipment	6,612,619
Trade receivables	46,646,822
Other receivables, deposits and prepayments	17,184,113
Fixed and short term deposit with bank	525,000
Cash and bank balances	1,217,522
Total Assets	72,186,076
Liabilities	
Trade payables	(24,018,907)
Other payables and accrued expenses	(10,228,512)
Borrowings	(2,725,809)
Provision for taxation	(5,748,677)
Deferred tax liabilities	(285,700)
Total Liabilities	(43,007,605)
Total identifiable net assets acquired	29,178,471
Goodwill arising from acquisition (Note 7)	109,449,722
Non-controlling interests at fair value	29,799,288
Fair value of consideration transferred	168,427,481

6. INVESTMENT IN SUBSIDIARIES (continued)

(b) Acquisition of Neata Aluminium (Malaysia) Sdn. Bhd. (continued)

(iii) Financial information of direct subsidiary and indirect subsidiary with non-controlling interests:-

The summarised financial information of direct subsidiary, Neata Aluminium (Malaysia) Sdn. Bhd. ("NASB") and indirect subsidiary, Vivocom Enterprise Sdn. Bhd. ("VESB") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented is the amount before inter-company elimination.

	NASB RM	VESB RM
Summarised statements of financial position as at 31 December 2015		
Non-current assets	4,669,496	4,749,017
Current assets	23,084,063	70,567,544
Non-current liabilities	(344,705)	(1,147,273)
Current liabilities	(8,328,395)	(52,193,362)
Net assets	19,080,459	21,975,926
Summarised statements of comprehensive income for the financial year ended 31 December 2015		
Revenue	14,483,411	99,287,139
Profit for the financial year	3,910,238	9,311,855
Summarised statements of cash flows for the financial year ended 31 December 2015		
Cash flows from operating activities	(4,010,845)	12,347,193
Cash flows from investing activities	(173,196)	(29,805,111)
Cash flows from financing activities	5,054,127	17,980,850
Net increase in cash and cash equivalents	870,086	522,932

Notes To The **Financial Statements** (continued)

7. GOODWILL ON CONSOLIDATION

	Group	
	2015	2014
	RM	RM
At 1 January	75,776,024	75,776,024
Add: Acquisition of subsidiaries	109,449,722	-
Less: Impairment losses	(16,206)	(16,206)
At 31 December	185,209,540	75,759,818

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill amounted to RM109,449,722/-, RM75,759,818/- and RM16,206/- has been allocated to the investment in Neata Aluminium (Malaysia) Sdn. Bhd., Instacom Engineering Sdn. Bhd. and Instacom Technologies Sdn. Bhd. respectively.

An impairment of RM16,206/- was recognised for the goodwill allocated to investment in Instacom Technologies Sdn. Bhd. as the recoverable amount is less than the carrying amount.

However, for goodwill amounted to RM109,449,722/- and RM75,759,818/- on investment in Neata Aluminium (Malaysia) Sdn. Bhd. and Instacom Engineering Sdn. Bhd. respectively, the recoverable amount of the CGU is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five-year period. The future cash flows are based on management's five-years business plan, which is the best estimate of future performance.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are 6.00% and 4.77% respectively.

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

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

(b) Growth rates –Based on industry outlook for that segment and directors past experience.

(c) Pre-tax discount rate – Discount rate of 6.00% represents the weighted average cost of capital of the CGU.

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

Sensitivity to changes in assumptions

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

8. FINANCE RECEIVABLES

	Group	
	2015	2014
	RM	RM
Non-current	10,557,186	11,305,720
Current	7,588,821	3,706,957
	18,146,007	15,012,677
Less: Allowance for impairment	-	-
Total finance receivables	18,146,007	15,012,677

8. FINANCE RECEIVABLES (continued)

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

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

Finance receivables are the rental proceeds with the maturity ranging from 1 to 7 years (2014:1 to 7 years) and are financed by banking facilities as disclosed in Note 23 to the financial statement.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current				
Trade receivables	2,575,347	9,500,745	1,319,175	-
Other receivables	1,677,888	3,358,599	-	-
Less: Allowance for impairment	-	-	-	-
	4,253,235	12,859,344	1,319,175	-
Current				
Trade receivables	59,253,938	33,877,021	18,903,048	15,178,078
Less: Allowance for impairment	-	-	-	-
Trade receivables, net	59,253,938	33,877,021	18,903,048	15,178,078
Other receivables				
Other receivables	4,389,143	3,027,690	136,373	-
Deposits	4,170,265	1,642,887	3,556,388	1,563,087
Prepayments	1,619,784	1,514,003	54,441	20,148
Retention sums on contracts (Note 13)	15,123,090	-	-	-
Other receivables, net	25,302,282	6,184,580	3,747,202	1,583,235
	84,556,220	40,061,601	22,650,250	16,761,313
Total trade and other receivables	88,809,455	52,920,945	23,969,425	16,761,313
Total trade and other receivables	88,809,455	52,920,945	23,969,425	16,761,313
Add:				
Amount owing by subsidiaries	-	-	19,626,321	28,443,389
Fixed deposits placed with licensed banks	9,582,732	6,269,637	2,600,000	-
Cash and bank balances	23,011,678	13,449,619	20,531,491	12,333,488
Total loans and receivables	121,403,865	72,640,201	66,727,237	57,538,190

Notes To The **Financial Statements** (continued)

9. TRADE AND OTHER RECEIVABLES (continued)

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

The Group's long term trade and other receivables are unsecured, interest-bearing and are repayable within 24 to 48 months. The interest rates are ranging from 5.00% to 6.60% per annum.

(b) Trade receivables (current)

The Group's and the Company's credit period granted is ranging from 30 days to 120 days (2014: 30 days to 120 days). Other credit terms are assessed and approved on a case by case basis.

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

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Neither past due nor impaired	33,398,542	13,052,374	1,323,151	3,504,306
Past due not impaired				
1 to 30 days	2,971,867	2,649,277	-	3,772
31 to 60 days	456,734	102,663	-	-
61 to 90 days	171,091	70,585	-	-
More than 120 days	24,831,051	27,502,867	18,899,072	11,670,000
	28,430,743	30,325,392	18,899,072	11,673,772
Impaired	-	-	-	-
	61,829,285	43,377,766	20,222,223	15,178,078

<u>Receivables that are neither past due nor impaired</u>

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

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

<u>Receivables that are past due but not impaired</u>

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

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

<u>Receivables that are impaired</u>

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

<u>Movements in the allowance for impairment</u>

There is no movements in the allowance for impairment account of the Group and of the Company for 31 December 2015 and 31 December 2014.

9. TRADE AND OTHER RECEIVABLES (continued)

(c) Other receivables

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

(ii) Included in the other receivables of the Group and of the Company is an amount of RM2,000,000/- (2014: Nil) paid as refundable security deposit to third party for the purchase of materials.

(iii) Included in the other receivables of the Group and of the Company is an amount of RM1,519,306/- (2014: RM1,519,306/-) paid as tender deposits to third party.

10. DEFERRED TAXATION

	Group	
	2015	2014
	RM	RM
At 1 January	-	-
Acquisition of a subsidiary	(285,700)	-
Recognised in profit or loss (Note 30)	1,487,273	-
At 31 December	1,201,573	-
Presented after appropriate offsetting as follows:-		
Deferred tax assets	1,588,980	-
Deferred tax liabilities	(387,407)	-
	1,201,573	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-

(a) Deferred tax assets

	Unabsorbed business losses
	RM
At 1 January 2014/ 31 December 2014	-
Recognised in profit or loss	1,588,980
At 31 December 2015	1,588,980

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Property, plant and equipment	390,170	971,201	186,700	236,181
Unabsorbed losses carry forward	(14,774,154)	(24,115,658)	(7,370,924)	(20,769,396)
Unrealised capital allowance carry forward	(4,223,590)	(3,679,538)	-	-
	(18,607,574)	(26,823,995)	(7,184,224)	(20,533,215)
Potential deferred tax assets not recognised	(4,465,818)	(6,705,999)	(1,724,214)	(5,133,304)

Notes To The **Financial Statements** (continued)

10. DEFERRED TAXATION (continued)

(b) Deferred tax liabilities

	Property, plant and equipment RM
At 1 January 2014/ 31 December 2014	-
Acquisition of a subsidiary	(285,700)
Recognised in profit or loss	(101,707)
At 31 December 2015	(387,407)

11. INVENTORIES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At cost				
Consumable and materials	1,621,767	2,647,941	-	900
Project work-in-progress	11,687,168	17,179,078	11,687,168	17,179,078
Aluminium parts	1,448,642	-	-	-
Total	14,757,577	19,827,019	11,687,168	17,179,978

During the financial year, the cost of inventories recognised as an expense in the Group and in the Company amounted to RM5,563,481/- (2014: RM11,165,760/-) and RM478,253/- (2014: RM4,994,594/-) respectively.

12. OTHER INVESTMENT

	Group	
	2015 RM	2014 RM
At cost		
Investment by an asset management company (fixed income securities)	-	7,120,910
Disposal	-	(7,120,910)
At 31 December	-	-
At market value:		
Investment by an asset management company (fixed income securities)	-	-

13. AMOUNT OWING BY/(TO) THE CUSTOMERS FOR CONTRACT WORK

	Group	
	2015	2014
	RM	RM
Aggregate construction contract costs incurred to date	162,487,041	-
Add: Attributable profits	31,937,916	-
	194,424,957	-
Less: Progress billings	(159,576,881)	-
	34,848,076	-
Amount owing by customers for contract work	35,143,076	-
Amount owing to customers for contract work	(295,000)	-
	34,848,076	-
Contract revenue recognised during the financial year (Note 26)	44,893,380	-
Contract costs charged to profit or loss during the financial year	37,649,487	-
Retention sums on contracts, included within trade and other receivables (Note 9)	15,123,090	-
Retention sums on contracts, included within trade and other payables (Note 24)	4,491,136	-

14. AMOUNT OWING BY/(TO) SUBSIDIARIES

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

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The interest rate of the Group's and of the Company's fixed deposits ranges from 2.70% to 4.00% (2014: 3.00% to 3.35%) per annum. Fixed deposits were pledged with licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 21 to the financial statements.

Notes To The **Financial Statements** (continued)

16. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash in hand	14,054	2,620	54	-
Cash at banks	22,986,947	13,436,684	20,520,760	12,323,173
Short term fund :-				
- investment in trust funds	10,677	10,315	10,677	10,315
Total	23,011,678	13,449,619	20,531,491	12,333,488

17. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares		Number of shares	
	Unit	RM	Unit	RM
Ordinary shares of RM0.10 each				
Authorised:-				
At 1 January	2,000,000,000	200,000,000	2,000,000,000	200,000,000
Created during the year	3,000,000,000	300,000,000	-	-
At 31 December	5,000,000,000	500,000,000	2,000,000,000	200,000,000
Issued and fully paid:-				
At 1 January	702,254,260	70,225,426	702,254,260	70,225,426
Share issued for acquisition of a subsidiary	915,313,684	91,531,368	-	-
Renounceable rights issue with free warrants	289,065,127	28,906,513	-	-
Bonus shares issued	433,597,012	43,359,701	-	-
Exercised of warrants	19,119	1,912	-	-
At 31 December	2,340,249,202	234,024,920	702,254,260	70,225,426

17. SHARE CAPITAL (continued)

During the financial year, the Company has increased its authorised share capital from RM200,000,000/- to RM500,000,000/- by creation of additional 3,000,000,000 ordinary shares of RM0.10 each.

The Company increased its issued and fully paid up share capital from RM7,0225,426/- to RM234,024,920/- by way of issuance of:-

(i) 309,473,684 new ordinary shares of RM0.10 each at a price of RM0.19 per ordinary share as the purchase consideration of RM58,800,000/- for the acquisition of the 35% equity interest in Neata Aluminium (Malaysia) Sdn. Bhd.;

(ii) renounceable rights issue of 289,065,127 new ordinary shares of RM0.10 each on the basis of two (2) rights shares for every even (7) existing ordinary shares held at the issue price of RM0.10 per rights share together with 144,532,298 free detachable Warrants D on the basis of one (1) free Warrants D for every two (2) rights shares subscribed;

(iii) 19,119 new ordinary shares of RM0.10 each arising from the exercise of Warrants B 2013/2018, Warrants C 2015/2020 and Warrants D 2015/2020 at the exercise prices ranging from RM0.10 each to RM0.24 each for cash;

(iv) bonus issue of 433,597,012 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every three (3) existing ordinary shares held. The bonus shares were issued by the capitalisation of RM43,359,702/- from the share premium account; and

(v) 605,840,000 new ordinary shares of RM0.10 each as the partial discharge of the purchase consideration of RM73,584,000/- for the acquisition of the 43.6% equity interest in Neata Aluminium (Malaysia) Sdn. Bhd..

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares in the Company.

18. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

19. OTHER RESERVES

(a) Warrant Reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

(b) Exchange Reserve

The exchange reserve comprises all foreign currency 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.

Notes To The **Financial Statements** (continued)

20. WARRANTS

Warrants B 2013/2018

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

On July 2015, 24,577,496 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant B amounted to 375,704,626. On November 2015, 125,232,599 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Bonus Issue. As at November 2015, total Warrant B amounted to 500,937,225.

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.31 (2014: RM0.33) and at any time during the exercise period up to the date of expiry on 8 September 2018. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

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

3,922 Warrants B had exercised during the financial year. As at the end of the financial year, 500,933,303 warrants remained unexercised.

Warrants C 2015/2020

A total of 140,450,852 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every five (5) existing ordinary shares of RM0.10 each held on 22 January 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 30 January 2015.

On July 2015, 9,830,784 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant C amounted to 150,281,636. On November 2015, 50,090,202 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Bonus Issue. As at November 2015, total Warrant C amounted to 200,371,838.

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.13 and at any time during the exercise period up to the date of expiry on 22 January 2019. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

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

12,055 Warrants C had exercised during the financial year. As at the end of the financial year, 200,359,783 warrants remained unexercised.

Warrants D 2015/2020

On 15 June 2015, the Company has Renounceable Rights Issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable warrants in Instacom ("Warrants D") on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for at 5.00 p.m. on Monday, 15 June 2015 at an issue price of RM0.10 per Rights Share ("Rights Issue with Warrants").

A total of 144,532,298 free detachable warrants have been issued pursuant to the Right Issue of one (1) free warrant for every two (2) subscribed Rights Share at an issue price of RM0.10 each on 15 June 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 14 July 2015. On November 2015, 48,175,841 additional warrants 2015/2020 ("Warrants D") issued pursuant to the adjustments arising from the Bonus Issue. As at November 2015, total Warrant D amounted to 192,708,139.

20. WARRANTS (continued)

Warrants D 2015/2020 (continued)

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.12 and at any time during the exercise period up to the date of expiry on 8 July 2020. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

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

3,142 Warrants D had exercised during the financial year. As at the end of the financial year, 192,704,997 warrants remained unexercised.

21. LOANS AND BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current				
Secured:-				
Bankers' acceptances	6,562,750	6,476,000	5,530,750	1,298,000
Bank overdrafts	966,917	6,939	966,917	-
Revolving credits	14,722,094	19,552,041	-	-
Hire purchase payables (Note 22)	2,444,704	1,902,606	-	-
Term loans (Note 23)	2,727,614	2,758,197	123,882	118,029
	27,424,079	30,695,783	6,621,549	1,416,029
Non-current				
Secured:-				
Hire purchase payables (Note 22)	2,047,125	2,543,016	-	-
Term loans (Note 23)	9,052,550	11,758,075	3,692,475	3,816,977
	11,099,675	14,301,091	3,692,475	3,816,977
Total loans and borrowings	38,523,754	44,996,874	10,314,024	5,233,006

(a) Interest rates on bankers' acceptances for the financial year ranging from 4.73% to 5.91% (2014: 3.87% to 6.14%) per annum. The bankers' acceptances are secured by way of:-

(i) pledged of fixed deposits; and

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

(b) Interest rates on bank overdrafts for the financial year ranging from 4.98% to 5.34% (2014:8.10% to 8.35%) per annum. The bank drafts are secured by way of:-

(i) pledged of fixed deposits; and

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

Notes To The **Financial Statements** (continued)

21. LOANS AND BORROWINGS (continued)

(c) Interest rates on revolving credits for the financial year ranging from 7.00% to 7.25% (2014: 7.00 % to 7.25%) per annum. The revolving credits are secured by way of:-

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

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

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

22. HIRE PURCHASE PAYABLES

	Group	
	2015	2014
	RM	RM
Minimum hire purchase payments:-		
- not later than one year	2,637,451	2,094,550
- later than one year but not later than five years	2,040,175	2,679,454
- later than five years	164,986	1,860
	4,842,612	4,775,864
Less: Future finance charges	(350,783)	(330,242)
	4,491,829	4,445,622
Analysis of present value of hire purchases payables:-		
Current (Note 21)		
- not later than one year	2,444,704	1,902,606
Non-current (Note 21)		
- later than one year but not later than five years	1,883,557	2,541,181
- later than five years	163,568	1,835
	2,047,125	2,543,016
Total hire purchase payables	4,491,829	4,445,622

Interest rates on the hire purchase payables for the financial year ranging from 2.30% to 3.90% (2014: 2.30% to 5.72%) per annum.

23. TERM LOANS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current (Note 21)				
Within the next twelve months	2,727,614	2,758,197	123,882	118,029
Non-current (Note 21)				
After the next twelve months				
- later than one year but not later than five years	5,920,164	8,030,840	560,089	533,625
- later than five years	3,132,386	3,727,235	3,132,386	3,283,352
	9,052,550	11,758,075	3,692,475	3,816,977
Total term loans	11,780,164	14,516,272	3,816,357	3,935,006

Interest rates on term loans for the financial year ranging from 5.84% to 6.04% (2014: 4.85% to 6.23%) per annum. The term loans are secured by way of:-

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

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

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

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

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

(vi) assignment over the designated account;

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

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

Notes To The Financial Statements (continued)

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables	21,020,363	4,887,700	4,829,701	2,335,472
Other payables				
Other payables	7,756,120	94,738	408,976	82,393
Deposits	414,718	28,320	-	-
Accruals	2,096,050	422,334	980,772	162,029
Retention sums on contracts (Note 13)	4,491,136	-	-	-
Other payables, net	14,758,024	545,392	1,389,748	244,422
Total trade and other payables	35,778,387	5,433,092	6,219,449	2,579,894
Total trade and other payables	35,778,387	5,433,092	6,219,449	2,579,894
Add:				
Loans and borrowings	38,523,754	44,996,874	10,314,024	5,233,006
Total financial liabilities carried at amortised cost	74,302,141	50,429,966	16,533,473	7,812,900

The credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (2014: 30 to 90 days).

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

25. AMOUNT OWING TO DIRECTORS

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

26. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Telecommunication, engineering and services	46,813,104	66,008,423	42,600,070	58,585,578
Construction services (Note 13)	44,893,380	-	-	-
Aluminium parts	6,238,703	-	-	-
Total	97,945,187	66,008,423	42,600,070	58,585,578

27. OPERATING PROFIT

Operating profit has been arrived at:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
After charging:-				
Amortisation of development expenditure	460,839	115,210	299,521	74,881
Amortisation of intangible assets	57,634	57,634	57,634	57,634
Auditors' remuneration:-				
- current year	253,000	173,000	55,000	55,000
Depreciation of property, plant and equipment	1,967,548	2,143,564	199,580	67,871
Directors' remuneration:- (Note 28)				
- fees, salaries, allowances and bonuses	616,500	605,000	616,500	605,000
- Employees' Provident Fund	53,340	74,940	53,340	74,940
Impairment losses on other receivables	-	58,513	-	-
Written off of property, plant and equipment	-	57,229	-	29,662
Realised loss on foreign exchange	-	543	-	-
Rental of machinery and vehicles	68,289	31,750	-	-
Rental of office and warehouse	460,006	391,406	-	-
Staff costs:-				
- salaries, wages and bonuses	6,557,844	6,084,403	1,402,077	4,407,960
- Employees' Provident Fund & SOCSO	690,056	791,143	184,971	544,311
- other related staff costs	121,116	254,154	12,909	193,418
And crediting:-				
Dividend income	35,298	5,532	362	5,532
Interest income	217,546	550,305	49,114	321
Insurance claimed	25,000	-	-	-
Gain/(Loss) on disposal of property, plant and equipment	364,868	458,435	(581)	-
Investment income:-				
- current year	-	228,227	-	-
- prior year	-	-	-	-
Rental income	195,641	184,477	144,000	256,000

Notes To The **Financial Statements** (continued)

28. DIRECTOR REMUNERATIONS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Executive Directors				
- salaries, allowances and bonuses	558,000	474,000	558,000	474,000
- fees	-	86,000	-	86,000
- others	53,340	74,940	53,340	74,940
Total	611,340	634,940	611,340	634,940
Non-Executive Directors				
- fees	58,500	45,000	58,500	45,000
Grand Total	669,840	679,940	669,840	679,940

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

	Number of Directors 2015 Executive	Number of Directors 2015 Non-Executive	Number of Directors 2014 Executive	Number of Directors 2014 Non-Executive
Below RM50,000	-	3	-	2
RM50,001 - RM100,000	-	-	-	1
RM100,001 - RM200,000	-	-	-	-
RM200,001 - RM300,000	2	-	2	-

29. FINANCE COSTS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Interest expenses on:-				
- bank overdrafts	38,136	36,241	28,457	1,468
- bankers' acceptances and revolving credits	344,837	451,613	271,269	98,371
- hire purchases payabales	181,473	333,588	-	-
- term loans	2,113,161	2,750,385	257,330	62,421
	2,677,607	3,571,827	557,056	162,260

30. TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Income tax				
- current year	(2,899,808)	(1,463)	-	(1,463)
- underaccrual in prior years	(174,360)	(19,729)	1,377	(19,729)
	(3,074,168)	(21,192)	1,377	(21,192)
Deferred tax (Note 10)				
- current year	1,487,273	-	1,588,980	-
- overaccrual in prior years	-	-	-	-
	1,487,273	-	1,588,980	-
	(1,586,895)	(21,192)	1,590,357	(21,192)

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

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before taxation	11,793,793	3,724,089	4,831,678	5,959,353
Taxation at applicable tax rate of 25%	(2,948,448)	(931,022)	(1,207,920)	(1,489,838)
Tax effects arising from:-				
- expenses not deductible for tax purposes	(1,096,109)	(170,704)	(540,348)	(62,508)
- share of associate's profit	578,063	-	-	-
- deferred tax assets not recognised	2,240,181	1,100,263	3,409,090	1,550,883
- different in tax rate	(186,222)	-	(71,842)	-
- (under)/over accrual in prior years:-				
- income tax	(174,360)	(19,729)	1,377	(19,729)
Tax expense for the financial year	(1,586,895)	(21,192)	1,590,357	(21,192)

Notes To The Financial Statements (continued)

31. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group	
	2015	2014
	RM	RM
Net profit attributable to owners of the parent	8,790,392	3,702,897
Number of shares in issue as of 1 January	702,254,260	702,254,260
Effect of:-		
- share issued for acquisition of a subsidiary	384,657,543	-
- renounceable rights issue with free warrants	132,488,183	-
- bonus shares issued	72,266,169	-
- exercised of warrants	4,780	-
Weighted average number of ordinary shares in issue	1,291,670,935	702,254,260
Basic earnings per ordinary share of RM0.10 (sen)	0.68	0.53

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

(b) Diluted Earnings Per Share

The basic and diluted earnings per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 31 December 2015.

32. FINANCIAL GUARANTEES

As of 31 December 2015, the Company is contingently liable in respect of guarantees given mainly for banking facilities totalling RM42,678,029/- (2014: RM42,678,029/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

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

Related parties of the Group include:-

(i) Direct subsidiaries;

(ii) Indirect subsidiaries;

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

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Significant Related Party Transactions and Balances

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

	Company	
	2015	2014
	RM	RM
Telecommunication sales charged to a subsidiary		
- Instacom Engineering Sdn. Bhd.	(15,773,847)	(30,294,477)
Rental income from a subsidiary		
- Instacom Construction Sdn. Bhd.	(144,000)	(192,000)
Rental expenses paid to a subsidiary		
- Instacom Construction Sdn. Bhd.	322,976	3,442,300
Contractor fees paid to a subsidiary		
- Instacom Construction Sdn. Bhd.	321,781	3,460,004
Labour charges paid to a subsidiary		
- Instacom Construction Sdn. Bhd.	12,729	864,605

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries, allowances and bonuses	648,500	474,000	294,000	474,000
Fees	300,000	86,000	300,000	86,000
Others	94,440	74,940	53,340	74,940
Total	1,042,940	634,940	647,340	634,940

Included in the key management personnel is:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors' Remuneration	1,042,940	634,940	647,340	634,940

Key management personnel are defined as the members of Board of Directors of the Company and its subsidiaries whereby the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly lies.

Notes To The **Financial Statements** (continued)

34. SEGMENT REPORTING

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

General Information

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

(a) Investment holding;

(b) Telecommunication, engineering and services;

(c) Aluminium design and fabrication;

(d) Construction services; and

(e) Others.

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

Measurement of Reportable Segments

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

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

34. SEGMENT REPORTING (continued)

Group	Investment Holding	Telecommunication, engineering and services	Aluminium design and fabrication	Construction services	Others	Eliminations	Note	Consolidated
2015	RM	RM	RM	RM	RM	RM		RM
Revenue								
External sales	-	46,813,103	6,238,703	44,893,381	-	-		97,945,187
Inter-segment sales	-	16,249,837	-	-	-	(16,249,837)	(a)	-
Total revenue	-	63,062,940	6,238,703	44,893,381	-	(16,249,837)		97,945,187
Results								
Segment results	-	4,540,513	3,923,114	5,996,549	(32,551)	(1,416,506)	(a)	13,011,119
Depreciation and amortisation	-	(2,341,915)	-	(144,106)	-	-		(2,486,021)
Finance costs	-	(2,672,081)	(5,526)	-	-	-		(2,677,607)
Income tax expenses	-	1,584,718	(1,151,891)	(2,019,722)	-	-		(1,586,895)
Interest income	-	196,775	5,549	15,222	-	-		217,546
Share in profit of associate	-	-	-	-	-	-		2,312,250
Foreign exchange translation	-	-	-	-	-	-		(6,269)
Net profit attributable to the owners of the parent								8,784,123
Non controlling interest								1,410,483
Total comprehensive income								10,194,606

Notes To The **Financial Statements** (continued)

34. SEGMENT REPORTING (continued)

Group	Investment Holding	Telecommunication, engineering and services	Aluminium design and fabrication	Construction services	Others	Eliminations	Note	Consolidated
2015	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**		**RM**
Assets								
Segment assets	234,384,000	160,380,278	19,503,559	75,316,561	1,319,196	(264,892,184)	(b)	226,011,410
Goodwill	185,209,540	-	-	-	-	-		185,209,540
Deferred tax assets		1,588,980	-	-	-	-		1,588,980
Tax recoverable	-	62,750	-	-	-	-		62,750
Consolidated total assets								412,872,680
Other information								
Addition to property, plant and equipment	-	132,546	-	-	-	-		132,546
Liabilities								
Segment liabilities	-	17,287,684	5,340,181	40,532,906	565,608	(27,214,905)	(c)	36,511,474
Loans and borrowings	-	36,035,055	130,582	2,358,117	-	-		38,523,754
Tax payables	-	-	3,198,812	5,149,612	-	-		8,348,424
Consolidated total liabilities								83,383,652

34. SEGMENT REPORTING (continued)

Group	Investment Holding	Telecommunication, engineering and services	Aluminium design and fabrication	Construction services	Others	Eliminations	Note	Consolidated
2014	RM	RM	RM	RM	RM	RM		RM
Revenue								
External sales	-	66,008,423	-	-	-	-		66,008,423
Inter-segment sales	-	40,907,644	-	-	-	(40,907,644)	(a)	-
Total revenue	-	106,916,067	-	-	-	(40,907,644)		66,008,423
Results								
Segment results	(361,664)	9,445,667	-	-	(5,778)	(16,206)	(a)	9,062,019
Depreciation and amortisation	-	(2,316,408)	-	-	-	-		(2,316,408)
Finance costs	-	(3,343,600)	-	-	(228,227)	-		(3,571,827)
Income tax expenses	-	(21,192)	-	-	-	-		(21,192)
Interest income	-	322,078	-	-	228,227	-		550,305
Total comprehensive income								3,702,897

34. SEGMENT REPORTING (continued)

Group	Investment Holding	Telecommunication, engineering and services	Aluminium design and fabrication	Construction services	Others	Eliminations	Note	Consolidated
2014	RM	RM	RM	RM	RM	RM		RM
Assets								
Segment assets	102,000,000	236,751,675	-	-	1,201,025	(198,513,307)	(b)	141,439,393
Goodwill	75,759,818	-	-	-	-	-		75,759,818
Tax recoverable	-	782,346	-	-	-	-		782,346
Consolidated total assets								217,981,557
Other information								
Addition to property, plantand equipment	-	784,844	-	-	-	-		784,844
Liabilities								
Segment liabilities	-	98,306,132	-	-	402,594	(93,220,028)	(c)	5,488,698
Loans and borrowings	-	44,996,874	-	-	-	-		44,996,874
Tax payables	-	1,463	-	-	-	-		1,463
Consolidated total liabilities								50,487,035

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

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

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

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

Geographical segments

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

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of Fair Value

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

	Note
Financial assets	
Finance receivables	8
Trade and other receivables	9
Other investment	12
Amount owing by subsidiaries	14
Amount owing by customers for contract works	13
Fixed deposits with licensed banks	15
Cash and bank balances	16
Financial liabilities	
Trade and other payables	24
Amount owing to subsidiaries	14
Amount owing to directors	25
Amount owing to customers for contract works	13
Loans and borrowings (floating rate)	21

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

(b) Fair Value Hierarchy

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

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

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

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

Notes To The **Financial Statements** (continued)

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair Value Hierarchy (continued)

Fair value of financial instruments not carried at fair value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
2015				
Financial liabilities				
Hire purchase payables	-	-	4,491,829	4,491,829
Term loans	-	-	11,780,164	11,780,164
	-	-	16,271,993	16,271,993
2014				
Financial liabilities				
Hire purchase payables	-	-	4,445,622	4,445,622
Term loans	-	-	14,516,272	14,516,272
	-	-	18,961,894	18,961,894
Company				
2015				
Financial liability				
Term loans	-	-	3,816,357	3,816,357
2014				
Financial liability				
Term loans	-	-	3,935,006	3,935,006

Policy on transfer between levels

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

36. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

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

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

36. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(a) Credit Risk

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

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2015		2014	
	RM	%	RM	%
Telecommunication, engineering and services	29,921,131	48%	43,377,766	100%
Construction services	20,119,730	33%	-	0%
Aluminium parts	11,788,424	19%	-	0%
Total trade receivables	61,829,285	100%	43,377,766	100%

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

Inter-company balances

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

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

Financial guarantees

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

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

Notes To The **Financial Statements** (continued)

36. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(b) Liquidity Risk

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

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

Maturity analysis

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

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2015					
Financial liabilities					
Trade and other payables	35,778,387	35,778,387	35,778,387	-	-
Amount owing to directors	50,680	50,680	50,680	-	-
Amount owing to customersfor contract work	295,000	295,000	295,000	-	-
Hire purchase payables	4,491,829	4,842,612	2,637,451	2,040,175	164,986
Term loans	11,780,164	11,780,164	2,727,614	5,920,164	3,132,386
Other bank borrowings	22,251,761	22,251,761	22,251,761	-	-
	74,647,821	74,998,604	63,740,893	7,960,339	3,297,372
2014					
Financial liabilities					
Trade and other payables	5,433,092	5,433,092	5,433,092	-	-
Amount owing to directors	55,606	55,606	55,606	-	-
Hire purchase payables	4,445,622	4,775,864	2,094,550	2,679,454	1,860
Term loans	14,516,272	14,516,272	2,758,197	8,030,840	3,727,235
Other bank borrowings	26,034,980	26,034,980	26,034,980	-	-
	50,485,572	50,815,814	36,376,425	10,710,294	3,729,095

36. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(b) Liquidity Risk (continued)

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2015					
Financial liabilities					
Trade and other payables	6,219,449	6,219,449	6,219,449	-	-
Amount owing to directors	5,506	5,506	5,506	-	-
Term loans	3,816,357	3,816,357	123,882	560,089	3,132,386
Other bank borrowings	6,497,667	6,497,667	6,497,667	-	-
	16,538,979	16,538,979	12,846,504	560,089	3,132,386
2014					
Financial liabilities					
Trade and other payables	2,579,894	2,579,894	2,579,894	-	-
Term loans	3,935,006	3,935,006	118,029	533,625	3,283,352
Other bank borrowings	1,298,000	1,298,000	1,298,000	-	-
	7,812,900	7,812,900	3,995,923	533,625	3,283,352

(c) Interest Rate Risk

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

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

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

Notes To The Financial Statements (continued)

36. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(c) Interest Rate Risk (continued)

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.70 - 4.00	9,582,732	-	-	9,582,732
Financial liabilities					
Bankers' acceptances	4.73 - 5.91	6,562,750	-	-	6,562,750
Bank overdrafts	4.98 - 5.34	966,917	-	-	966,917
Revolving credits	7.00 - 7.25	14,722,094	-	-	14,722,094
Hire purchase payables	2.30 - 3.90	2,444,704	1,883,557	163,568	4,491,829
Term loans	5.84 - 6.04	2,727,614	5,920,164	3,132,386	11,780,164
2014					
Financial asset					
Fixed deposits placed with licensed banks	3.00 - 3.35	6,269,637	-	-	6,269,637
Financial liabilities					
Bankers' acceptances	3.87 - 6.14	6,476,000	-	-	6,476,000
Bank overdrafts	8.10 - 8.35	6,939	-	-	6,939
Revolving credits	7.00 - 7.25	19,552,041	-	-	19,552,041
Hire purchase payables	2.30 - 5.72	1,902,606	2,541,181	1,835	4,445,622
Term loans	4.85 - 6.23	2,758,197	8,030,840	3,727,235	14,516,272
Company					
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.70	2,600,000	-	-	2,600,000
Financial liabilities					
Bankers' acceptances	4.73 - 5.64	5,530,750	-	-	5,530,750
Bank overdraft	4.98 - 5.34	966,917	-	-	966,917
Term loans	4.85	123,882	560,089	3,132,386	3,816,357
2014					
Financial liabilities					
Bankers' acceptances	3.87	1,298,000	-	-	1,298,000
Term loans	4.85	118,029	533,625	3,283,352	3,935,006

36. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(c) Interest Rate Risk (continued)

Sensitivity analysis for interest rate

At the end of the reporting period, if interest rates had been 5% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM1,222,460/- (2014: RM1,714,081/-) and RM385,701/- (2014: RM261,650) higher/lower respectively, arising mainly as a result of a lower/higher of interest expenses from pre-determined rate of borrowings and fixed deposits. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

(d) Market Price Risk

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

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

37. CAPITAL MANAGEMENT

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

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

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

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

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Trade and other payables	24	35,778,387	5,433,092	6,219,449	2,579,894
Amount owing to directors	25	50,680	55,606	5,506	-
Amount owing to customers for contract work		295,000	-	-	-
Loans and borrowings	21	38,523,754	44,996,874	10,314,024	5,233,006
Total debts		74,647,821	50,485,572	16,538,979	7,812,900
Equity attributable to owners of the parent		329,489,028	167,494,522	318,920,233	166,942,491
Capital and total debts		404,136,849	217,980,094	335,459,212	174,755,391
Gearing ratio		18.5%	23.2%	4.9%	4.5%

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

Notes To The **Financial Statements** (continued)

38. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 30 January 2015, the Company acquired 35% equity interest in Neata Aluminium (Malaysia) Sdn. Bhd. ("NASB") for a purchase consideration of RM58,800,000/- by way of issuance of 309,473,684 new ordinary shares of RM0.10 each at a price of RM0.19 per ordinary share.

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

(c) On 14 July 2015, the Company increased its issued and fully paid up share capital by issuance of renounceable rights issue of 289,065,127 new ordinary shares of RM0.10 each on the basis of two (2) rights shares for every even (7) existing ordinary shares held at the issue price of RM0.10 per rights share together with 144,532,298 free detachable Warrants D on the basis of one (1) free Warrants D for every two (2) rights shares subscribed.

(d) On 31 October 2015, the Company acquired an additional 43.6% equity interest in NASB from its non-controlling interests for a purchase consideration of RM73,584,000/- by way of issuance of 605,840,000 new ordinary shares of RM0.10 each and cash consideration of RM13,000,000/-.

(e) On 5 November 2015, , the Company increased its share capital by issuance of bonus issue of 433,597,012 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every three (3) existing ordinary shares held. The bonus shares were issued by the capitalisation of RM43,359,702/- from the share premium account.

(f) On 14 January 2016, the Company changed its name from INSTACOM GROUP BERHAD to VIVOCOM INTL HOLDINGS BERHAD.

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

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 December 2015 are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries				
- realised	77,296,202	59,988,941	34,279,364	35,853,451
- unrealised	1,201,573	-	1,588,980	-
	78,497,775	59,988,941	35,868,344	35,853,451
Share in profit of associate				
- realised	2,312,250	-	-	-
	80,810,025	59,988,941	35,868,344	35,853,451
Less: Consolidation adjustments	(42,021,293)	(23,583,459)	-	-
Total retained profits	38,788,732	36,405,482	35,868,344	35,853,451
Total retained profits as per statements of financial position	38,788,732	36,405,482	35,868,344	35,853,451

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

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

Statement By Directors

We, **CHOO SENG CHOON** and **TAY MUN KIT**, being two of the directors of **VIVOCOM INTL HOLDINGS BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 33 to 98 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 99 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

CHOO SENG CHOON
Director

TAY MUN KIT
Director

Kuala Lumpur

Date: 28 April 2016

Statutory **Declaration**

I, **CHOO SENG CHOON**, being the director primarily responsible for the financial management of **VIVOCOM INTL HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 6 to 83, and the supplementary information set out on page 99 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

CHOO SENG CHOON

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 April 2016

Before me,

MOHD FITRY ABDUL GHANI
Commissioner for Oaths (W 703)
Kuala Lumpur

Independent **Auditors' Report**

To The Members Of Vivocom Intl Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **VIVOCOM INTL HOLDINGS BERHAD**, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 83.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the unaudited financial statements of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

Independent **Auditors' Report** (continued)

To The Members Of Vivocom Intl Holdings Berhad

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 99 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

STYL Associates
No. AF 001929
Chartered Accountants

SI CHAY BENG
No. 1200/08/16(J)
Chartered Accountant

Petaling Jaya

Date: 28 April 2016

Analysis Of **Shareholdings**

Shareholding Structure As At 30 March 2016

SHARE CAPITAL

Authorised Share Capital	RM500,000,000
Issued and fully paid-up capital	RM247,525,267
Class of shares	Ordinary Shares of RM0.10 each
Voting Rights	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2016

	No. of holders	%	No. of shares	%
Less than 100	743	5.85	33,809	0.00
100 - 1,000	626	4.93	373,480	0.02
1,001 - 10,000	3,757	29.60	21,944,731	0.89
10,001 - 100,000	6,021	47.43	241,331,883	9.75
100,001 and below 5%	1,544	12.16	1,201,148,070	48.53
5% and above	3	0.02	1,010,420,698	40.82
TOTAL	**12,694**	**100.00**	**2,475,252,671**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2016

Name	Direct Interest	%	Deemed Interest	%
Golden Oasis Resources Sdn Bhd	605,840,000	24.5	-	-
Ang Li-Hann	272,752,130	11.0	-	-
Anne Kung Soo Ching	131,828,568	5.3	-	-

DIRECTORS' SHAREHOLDING AS AT 30 MARCH 2016

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Anne Kung Soo Ching	131,828,568	5.3	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Analysis Of **Shareholdings** (continued)

Shareholding Structure As At 30 March 2016

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 MARCH 2016

NO.	NAME	NO. OF SHARES	%
1	GOLDEN OASIS RESOURCES SDN BHD	457,600,000	18.5%
2	ANG LI-HANN	169,812,348	6.9%
3	RHB NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR GOLDEN OASIS RESOURCES SDN BHD)	148,240,000	6.0%
4	RHB NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR ANG LI-HANN)	102,939,782	4.2%
5	CHAN CHUCK YAN	90,386,570	3.7%
6	ANNE KUNG SOO CHING	88,971,426	3.6%
7	HSBC NOMINEES (ASING) SDN BHD (HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (LXG HGIF)	63,176,500	2.6%
8	ANNE KUNG SOO CHING	42,857,142	1.7%
9	DATO' SERI CHIA KOK TEONG	39,800,000	1.6%
10	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JPMELAB AIF APG)	38,000,000	1.5%
11	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	27,916,433	1.1%
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	24,217,600	1.0%
13	NOR MOHD AMIN BIN SHAHARUDIN	22,032,165	0.9%
14	RHB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR MOHAMMAD SOBRI BIN SAAD)	21,754,200	0.9%
15	RHB NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR CHIA KOK SENG)	20,439,256	0.8%
16	MOHAMMAD SOBRI BIN SAAD	20,000,000	0.8%
17	RHB NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR OOI ENG KEAN)	17,314,784	0.7%
18	OOI ENG KEAN	15,000,000	0.6%
19	JEGANATHAN A/L K MURUGASU	14,762,000	0.6%
20	AFFIN HWANG NOMINEES (ASING) SDN BHD (DBS VICKERS SECS (S) PTE LTD FOR OPTIMUS CAPITAL INTERNATIONAL LIMITED)	13,500,000	0.5%
21	OCBC BANK (MALAYSIA) BERHAD (AS BENEFICIAL OWNER (ELCI-TRE)	12,820,000	0.5%
22	HA MUN KEET	11,800,000	0.5%
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR JAGANATH DEREK STEVEN SABAPATHY)	11,250,000	0.5%
24	AMSEC NOMINEES (TEMPATAN) SDN BHD (AMTRUSTEE BERHAD FOR APEX DANA AL-SOFI-I (UT-APEX-SOFI)	10,963,000	0.4%
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM)	10,700,000	0.4%
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR TAN KIM HEUNG (MY1989)	10,500,000	0.4%
27	RHB NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR NOR MOHD AMIN BIN SHAHARUDIN)	10,388,888	0.4%
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR RICKOH CORPORATION SDN BHD (MY0507)	10,000,000	0.4%
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR KOH KIN LIP (MY0502)	9,500,000	0.4%
30	CITIGROUP NOMINEES (ASING) SDN BHD (UBS AG)	8,712,912	0.4%

Analysis Of Warrantholdings - **Warrant B** 2013/2018

Warrantholding Structure As At 30 March 2016

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

DISTRIBUTION OF WARRANTHOLDINGS AS AT 30 MARCH 2016

	No. of holders	%	No. of Warrants	%
Less than 100	830	14.2%	37,363	0.0%
100 - 1,000	969	16.6%	575,786	0.1%
1,001 - 10,000	1,965	33.6%	8,055,667	1.6%
10,001 - 100,000	1,469	25.2%	63,784,817	12.7%
100,001 and below 5%	606	10.4%	399,373,888	79.7%
5% and above	1	0.0%	29,105,782	5.8%
TOTAL	**5,840**	**100.0%**	**500,933,303**	**100.0%**

DIRECTORS' WARRANTHOLDING AS AT 30 MARCH 2016

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

Analysis Of Warrantholdings - **Warrant B** 2013/2018 (continued)

Warrantholding Structure As At 30 March 2016

LIST OF 30 LARGEST WARRANT B HOLDERS AS AT 30 MARCH 2016

NO.	NAME	NO. OF WARRANTS	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SHER KHAN BIN KHAN MOHAMAD (CEB)	29,105,782	5.8%
2	JEGANATHAN A/L K MURUGASU	21,337,300	4.3%
3	YUDISHTRA A/L M JEGANATHAN	15,410,000	3.1%
4	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR JEGANATHAN A/L K MURUGASU (CEB)	14,767,700	2.9%
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	10,198,966	2.0%
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NOR AZIZY BINTI ABDUL AZIZ (CEB)	9,673,620	1.9%
7	ANUCIA A/P MUTHUCUMARU	9,502,200	1.9%
8	DATO NG KUAK PING	9,126,100	1.8%
9	UOB KAY HIAN NOMINEES (ASING) SDN BHD (EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	7,750,244	1.5%
10	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	7,000,000	1.4%
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR YIP TUCK LEONG (E-KLC)	6,899,900	1.4%
12	REUBENDRA A/L JEGANATHAN	6,604,000	1.3%
13	LEE SIEW FOO	5,275,000	1.1%
14	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD (MAYBANK KIM ENG SECURITIES PTE LTD FOR KEY STEP PTE LTD)	4,666,666	0.9%
15	RAKESH A/L JEGANATHAN	4,614,000	0.9%
16	CAROLYN WONG TARNN YOONG	4,100,000	0.8%
17	LIM YONG TENG	3,857,708	0.8%
18	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD (MAYBANK KIM ENG SECURITIES PTE LTD FOR ROCHE ANGELA PATRICIA)	3,473,000	0.7%
19	LOW LAY KHIM	3,183,200	0.6%
20	B K MOHANAN MENON	3,000,000	0.6%
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD (SEE JOVIN)	3,000,000	0.6%
22	OO KEE KEE	3,000,000	0.6%
23	ZAMAN KHAN BIN MEERA KHAN	2,924,666	0.6%
24	LIM EE LID	2,900,860	0.6%
25	MAS FADZILLAH KHAN BIN ALI	2,896,133	0.6%
26	GOH CHYE KEAT	2,700,000	0.5%
27	NGUI NYUK KYOON	2,420,000	0.5%
28	CHO ENG SUNG	2,350,000	0.5%
29	ONG YEW BENG	2,300,000	0.5%
30	AU CHEE CHUAN	2,239,900	0.4%

Analysis Of Warrantholdings - **Warrant C** 2015/2020

Warrantholding Structure As At 30 March 2016

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

DISTRIBUTION OF WARRANTHOLDINGS AS AT 30 MARCH 2016

	No. of holders	%	No. of Warrants	%
Less than 100	1,059	17.1%	45,725	0.0%
100 - 1,000	1,796	29.0%	818,672	0.4%
1,001 - 10,000	2,198	35.5%	8,104,940	4.0%
10,001 - 100,000	894	14.5%	31,481,466	15.7%
100,001 and below 5%	236	3.8%	132,660,398	66.2%
5% and above	2	0.0%	27,246,514	13.6%
TOTAL	**6,185**	**100.0%**	**200,357,715**	**100.0%**

DIRECTORS' WARRANTHOLDING AS AT 30 MARCH 2016

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Anne Kung Soo Ching	21,942,171	11.0	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Analysis Of Warrantholdings - **Warrant C** 2015/2020 (continued)

Warrantholding Structure As At 30 March 2016

LIST OF 30 LARGEST WARRANT C HOLDERS AS AT 30 MARCH 2016

NO.	NAME	NO. OF WARRANTS	%
1	ANNE KUNG SOO CHING	14,808,838	7.4%
2	CHAN CHUCK YAN	12,437,676	6.2%
3	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	7,380,000	3.7%
4	ANNE KUNG SOO CHING	7,133,333	3.6%
5	LOO NGEK PANG	6,200,000	3.1%
6	OH TEIK CHYE	4,777,354	2.4%
7	CHAI MING FATT	4,756,500	2.4%
8	HLIB NOMINEES (TEMPATAN) SDN BHD (HONG LEONG BANK BHD FOR WEI JUI FUNG)	4,500,000	2.2%
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SHER KHAN BIN KHAN MOHAMAD (CEB)	4,482,246	2.2%
10	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD (MAYBANK KIM ENG SECURITIES PTE LTD FOR KEY STEP PTE LTD)	4,433,333	2.2%
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	3,883,200	1.9%
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR PER KOK HONG (E-SKN)	3,200,000	1.6%
13	HLIB NOMINEES (TEMPATAN) SDN BHD (HONG LEONG BANK BHD FOR LESLIE HON)	3,000,000	1.5%
14	NGU SING HIENG	2,800,000	1.4%
15	KHOO LEE THENG	2,284,100	1.1%
16	CHONG YEW LANG	2,150,000	1.1%
17	LEOW YOKE LING	1,590,000	0.8%
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (UBS AG SG FOR TENG LEONG NYEAN)	1,500,000	0.7%
19	LOKE YIM PENG @ LOKE WAI PENG	1,500,000	0.7%
20	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	1,464,000	0.7%
21	NGUI NYUK KYOON	1,333,333	0.7%
22	WEI JUI FUNG	1,323,066	0.7%
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR PATRICIA LIAW NYUK LIN (E-PDG/JPN)	1,100,066	0.5%
24	ROBERT AMIRTHA NATHAN	1,070,000	0.5%
25	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR WEI JUI FUNG)	1,040,000	0.5%
26	LOW YIN SEN	960,432	0.5%
27	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD (MAYBANK KIM ENG SECURITIES PTE LTD FOR DRA RESOURCES PTE LTD)	950,000	0.5%
28	SHU SIEW YIN	937,400	0.5%
29	TAI KOK WEI	920,000	0.5%
30	YOONG SIN KUEN	900,000	0.4%

Analysis Of Warrantholdings - **Warrant D** 2015/2020

Warrantholding Structure As At 30 March 2016

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

DISTRIBUTION OF WARRANTHOLDINGS AS AT 30 MARCH 2016

	No. of holders	%	No. of Warrants	%
Less than 100	260	14.6%	12,995	0.0%
100 - 1,000	211	11.9%	117,822	0.1%
1,001 - 10,000	608	34.2%	2,761,354	1.4%
10,001 - 100,000	490	27.6%	20,441,212	10.6%
100,001 and below 5%	203	11.4%	113,170,437	58.7%
5% and above	4	0.2%	56,199,777	29.2%
TOTAL	**1,776**	**100.0%**	**192,703,597**	**100.0%**

DIRECTORS' WARRANTHOLDING AS AT 30 MARCH 2016

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Anne Kung Soo Ching	14,647,616	7.6	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Analysis Of Warrantholdings - **Warrant D** 2015/2020 (continued)

Warrantholding Structure As At 30 March 2016

LIST OF 30 LARGEST WARRANT D HOLDERS AS AT 30 MARCH 2016

NO.	NAME	NO. OF WARRANTS	%
1	ANG LI-HANN	22,437,782	11.6%
2	CHAN CHUCK YAN	13,376,283	6.9%
3	DATO' SERI CHIA KOK TEONG	10,500,000	5.4%
4	ANNE KUNG SOO CHING	9,885,712	5.1%
5	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	8,904,933	4.6%
6	RHB NOMINEES (TEMPATAN) SDN BHD	7,868,008	4.1%
7	CHIA KOK SENG	6,157,048	3.2%
8	NOR HASLINDA BINTI ABDUL HAMID	5,000,000	2.6%
9	ANNE KUNG SOO CHING	4,761,904	2.5%
10	OH TEIK CHYE	3,508,700	1.8%
11	HLIB NOMINEES (TEMPATAN) SDN BHD (HONG LEONG BANK BHD FOR WEI JUI FUNG)	3,000,000	1.6%
12	SONNY GEH SIM CHONG	2,875,300	1.5%
13	CHONG YEW LANG	1,930,500	1.0%
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	1,930,400	1.0%
15	LAU HONG SENG	1,926,000	1.0%
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LOKE HOOK BENG (M03)	1,808,500	0.9%
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TAN SEW KENG)	1,613,200	0.8%
18	RHB NOMINEES (TEMPATAN) SDN BHD (RHB TRUSTEES BERHAD FOR CHIA KOK SENG)	1,562,236	0.8%
19	DESTINET SDN BHD	1,500,000	0.8%
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HOO YEEK FOO)	1,070,000	0.6%
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR PER KOK HONG (E-SKN)	1,050,000	0.5%
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR HOH SOO CHAI @ HO YEE PONG (MY1751)	1,034,200	0.5%
23	LIM CHEE WENG	1,010,000	0.5%
24	MOEY MUN CHONG	1,009,000	0.5%
25	FAN RUEY YIN	1,000,000	0.5%
26	HLIB NOMINEES (TEMPATAN) SDN BHD (HONG LEONG BANK BHD FOR LESLIE HON)	1,000,000	0.5%
27	LOW KOK BOON	1,000,000	0.5%
28	CHAI MING FATT	900,000	0.5%
29	ONG LAI HOCK	900,000	0.5%
30	SHU SIEW YIN	900,000	0.5%

Notice Of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the Company will be held at Tanjung Datu, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Wednesday, 25 May 2016 at 2.30 p.m. to transact the following business :

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM58,500 for the financial year ended 31 December 2015. **Resolution 2**

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

   (a) Anne Kung Soo Ching **Resolution 3**

   (b) Dato' Azahar bin Rasul **Resolution 4**

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

AS SPECIAL BUSINESS

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

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

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

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

By Order of the Board

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

Kuala Lumpur
29 April 2016

Notice Of **Annual General Meeting** (continued)

Warrantholding Structure As At 30 March 2016

Notes:-

1. *A member entitled to attend, speak and vote at the meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act,1965 shall not apply to the Company.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

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

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

5. *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

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

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

8. *Only the members whose names appear on the Record of Depositors as at 16 May 2016 shall be entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on their behalf*

9. *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 April 2016.*

1. Explanatory notes on Ordinary Business :-

Ordinary Resolution 1
Audited Financial Statement for the financial year ended 31 December 2015

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

2. Explanatory notes on Special Business :-

Ordinary Resolution 6
Proposed authority to allot shares pursuant to Section 132D of the Companies Act, 1965.

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the 13th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the 13th AGM of the Company held on 25 June 2015 (hereinafter referred to as the "Previous Mandate").

As at the date of this notice, 247,000,000 new ordinary shares of the Company were issued pursuant to the Previous Mandate to third party investors by way of placement of new shares which raised total proceeds amounting to RM63,318,000 to be utilised for future viable investments and for the general working capital of Vivocom Enterprise Sdn Bhd. The new ordinary shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 7 January 2016 and 19 April 2016.

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

Statement Accompanying The Notice Of **Annual General Meeting**

1. Date, Time and Venue of the 14th Annual General Meeting ("AGM")

The 14th AGM of the Company will be held as follows :-

Date : Wednesday, 25 May 2016

Time : 2.30 p.m.

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

2. Directors who are standing for re-election/re-appointment at the 14th AGM

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

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

3. Board Meetings held in the financial period ended 31 December 2015

Five (5) Board meetings were held during the financial year ended 31 December 2015. A record of the Directors' attendances at the Board meetings is presented in the "Statement of Corporate Governance" appearing on pages 12 to 19 of the Annual Report.

4. General Meeting Record of Depositors

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 61(b) of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, a Record of Depositors as of 16 May 2016, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

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Form Of **Proxy**

CDS Account No. :	
No. of Shares Held :	

I/ We ____ *NRIC/ Company no. ________________________
(FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being *a member / members of **VIVOCOM INTL HOLDINGS BERHAD (f.k.a. Instacom Group Berhad) (596299-D)** hereby appoint ____

____ *NRIC No./ Passport No. ________________________
(FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

or failing *him/ her ____________________________________ *NRIC No./ Passport No. ________________________
(FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

or failing *him/ her the Chairman of the Meeting as *my/ our proxy/ proxies to attend, speak and vote for *me/ us on *my/ our behalf at the 14th Annual General Meeting of Vivocom Intl Holdings Berhad (f.k.a. Instacom Group Berhad) ("Company") to be held at Tanjung Datu, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Wednesday, 25 May 2016 at 2.30 p.m. and at any adjournment thereof.

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

	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the Financial Year Ended 31 December 2015 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees amounting to RM58,500 for the Financial Year Ended 31 December 2015.		
3.	To re-elect the Director, Ms. Anne Kung Soo Ching who retires in accordance with Article 116 of the Company's Articles of Association.		
4.	To re-elect the Director, Dato' Azahar bin Rasul who retires in accordance with Article 116 of the Company's Articles of Association.		
5.	To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration.		
	AS SPECIAL BUSINESS		
6.	To approve authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

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

* *Strike out whichever is not desired*

Signed this __________ day of _____________ 2016

______________________________ ______________________________

Signature(s) of Member(s) Affix Company's Seal (if applicable)

Notes:-

1) *A member entitled to attend, speak and vote at the meeting is entitled to appoint prox(ies) (or in the case of a corporation, a duly authorised representative) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

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

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

5) *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

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

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

8) *Only members whose names appear in the Record of Depositors as at 16 May 2016 shall be entitled to attend, speak and vote at this meeting or appoint prox(ies) to attend, speak and to vote on their behalf.*

9) *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 April 2016.*

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AFFIX
STAMP

The Company Secretaries
VIVOCOM INTL HOLDINGS BERHAD (596299-D)
(Formerly known as Instacom Group Berhad)
No. 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Please fold here

Vivocom Intl Holdings Berhad
(formerly known as Instacom Group Berhad)

Vivocom Intl Holdings Berhad
306, 1st Floor, Lorong Perak,
Melawati Square,
53100 Kuala Lumpur.

Tel : 603-4105 4863
Fax : 603-4161 7028

www.**vivocomgroup**.com