



DAYANG ENTERPRISE HOLDINGS BHD  
(712243-U)

# Focus Towards Excellence

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DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

**Head Office**

Lot 868, 1st Floor, Jalan Permaisuri,  
P.O.Box 1134,98008 Miri,  
Sarawak, East Malaysia  
**Tel** : 085-420 185 (6 lines)  
**Fax** : 085-421 654  
**Email** : [inquiry@desb.net](mailto:inquiry@desb.net)

## Cautionary Statement Regarding Forward-Looking Statements

The Annual Report contains some forward-looking statements in respect to the Dayang Group's financial condition, results of operations and business. These forward-looking statements represent the Dayang Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding the Dayang Group. The Board and the Dayang Group shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward-looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise in the interim of the publication of this Annual Report and the time of reading this Annual Report.

# Contents

|    |  |    |                                   |
|----|--|----|-----------------------------------|
| 2  | Corporate Information                      | 13 | Audit Committee Report            |
| 3  | Corporate Structure                        | 15 | Statement on Internal Control     |
| 4  | Corporate Key Achievements / Awards        | 16 | Statement of Corporate Governance |
| 5  | 8 Year Financial Highlights                | 21 | Financial Statements              |
| 6  | Profile of Directors                       | 56 | Analysis of Shareholdings         |
| 10 | Message To Our Shareholders                | 58 | Notice of Annual General Meeting  |
| 12 | Corporate Social Responsibility Activities |    | Form of Proxy                     |



## 2008 At A Glance

### Financial Performance

|                               |         |
|-------------------------------|---------|
| Revenue (RM'000)              | 181,128 |
| Profit Before Tax (RM'000)    | 88,759  |
| Net Profit (RM'000)           | 71,444  |
| Total Assets (RM'000)         | 377,587 |
| Shareholders' Equity (RM'000) | 316,276 |
| Earnings Per Share (Sen)      | 31.48   |
| NTA Per Share (Sen)           | 89.85   |
| Return On Equity (%)          | 22.59   |
| Gross Dividend (Sen)          | 14.00   |
| Gross Dividend Yield (%)      | 20.00   |

**Datuk Hasmi Bin Hasnan**  
**Ling Suk Kiong**  
**Tengku Yusof Bin Tengku Ahmad Shahrudin**  
**Joe Ling Siew Loung @ Lin Shou Long**  
**Dr Sharifuddin Bin Abdul Wahab**  
**Harry Bin Bujang**  
**Gordon Kab @ Gudan Bin Kab**  
**Polit Bin Hamzah**  
**Tuan Haji Abdul Aziz Bin Ishak**  
**YB Chia Chu Fatt**

(Executive Chairman)  
 (Executive Deputy Chairman)  
 (Managing Director)  
 (Deputy Managing Director)  
 (Executive Director)  
 (Executive Director)  
 (Executive Director)  
 (Executive Director)  
 (Independent Non-Executive Director)  
 (Independent Non-Executive Director)  
 (Independent Non-Executive Director)

### AUDIT COMMITTEE

**YB Chia Chu Fatt**  
 (Independent Non-Executive Director)

**Polit Bin Hamzah**  
 (Independent Non-Executive Director)

**Tuan Haji Abdul Aziz Bin Ishak**  
 (Independent Non-Executive Director)

### COMPANY SECRETARIES

**Bailey Kho Chung Siang**  
 (LS0000578)

**Bong Siu Lian**  
 (MAICSA 7002221)

### PRINCIPAL BANKERS

**RHB Bank Berhad** (Company No. 6171-M)  
 Lot 362 Block 9  
 Jalan Nakhoda Gampar  
 98000 Miri  
 Sarawak  
 Tel: 085-411882

**United Overseas Bank Berhad** (Company No. 271809-K)  
 No 108 & 110 Jalan Bendahara  
 98000 Miri  
 Sarawak  
 Tel: 085-433322

**CIMB Bank Berhad** (Company No. 13491-P)  
 Lot 507 & 508 Block 9 MCLD  
 Jalan Permaisuri  
 98000 Miri  
 Sarawak  
 Tel: 085-420371

### LEGAL ADVISORS

**Messrs. Alvin Chong & Partners Advocates**  
 Lot 176 & 177, 2nd Floor  
 Jalan Song Thien Cheok  
 93100 Kuching  
 Sarawak  
 Tel : 082 - 410111

### AUDITORS/REPORTING ACCOUNTANTS

**Moore Stephens** (Firm No : AF 0282)  
 8A Jalan Sri Sematan Satu  
 Damansara Heights  
 50490 Kuala Lumpur  
 Tel: 03 – 2094 1888

### REGISTRAR

**Tenaga Koperat Sdn Bhd**  
 Level 17 The Gardens North Tower  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel: 03-22643883  
 Fax: 03-2282 1886

### STOCK EXCHANGE LISTING

Listed on the Main Board of  
 Bursa Malaysia Securities Berhad  
 on 24 April 2008

Stock Name: DAYANG  
 Stock Code: 5141

Incorporated on 10 October 2005  
 Under the Companies Act 1965.

### REGISTERED AND HEAD OFFICE

Lot 868, 1st Floor Jalan Permaisuri,  
 98000 Miri  
 Sarawak  
 Tel: 085-420185  
 Fax: 085-421654  
 Email address : info@desb.net  
 Website : www.desb.net

### Location of Business

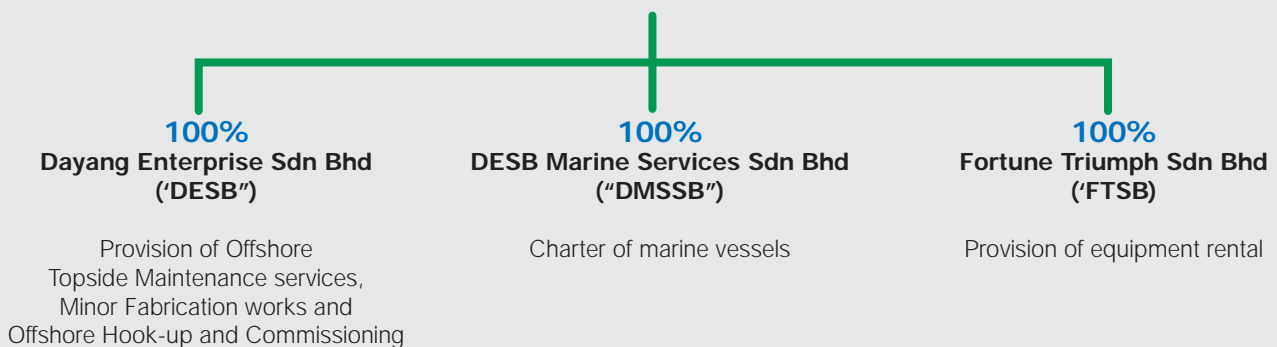
| GROUP OPERATION  | LOCATION OF FACILITY   |
|--|--|
| Head Office , management, sales and marketing                        | Lot 868, 1st & 2nd Floor, Jalan Permaisuri, 98000 Miri, Sarawak                                  |
| Engineering Office   | Lot 1122,1124-1126, Block 9, Jalan Merpati, 98008 Miri, Sarawak                                  |
| Open yard fabrication facilities with covered workshop and warehouse | Lot No. CL2053118752, Kg Ranca Ranca, District of Labuan, 87000 Labuan Federal Territory         |
| Administrative office  | Level 2, 1st Floor East Wing, Wisma 2020,18 Lorong Belia Karamunsing, 88100 Kota Kinabalu, Sabah |
| Marine Office  | Sublot 2429, Jalan Cattleya 2, Piasau Industrial Estate, 98000 Miri, Sarawak                     |
| Branch Office  | The Taipan, No 6, 3-02, Jalan P Ramlee, 50350 Kuala Lumpur                                       |

Our Group is a major provider of offshore platform services within the Oil and Gas Industry.

We are principally involved in the provision of offshore topside maintenance services, minor fabrication operations, offshore hook-up and commissioning and, charter of marine vessels relating to the Oil and Gas Industry.



## Dayang Enterprise Holdings Bhd ('DEHB')



## Corporate Key Achievements / Awards

| YEAR | TYPE OF AWARD                             | AWARDED BY                      | DESCRIPTION   |
|------|---|---------------------------------|---|
| 2008 | PETRONAS Group HSE Awards 2007/2008       | PERTONAS Carigali               | Recognition of an Excellent Achievement   |
| 2008 | Petronas Award                            | Petronas Carigali Sdn Bhd       | PCSB HSE Merit Award (Contractor Category)  |
| 2008 | Petronas Award                            | Petronas Carigali Sdn Bhd       | Recognition for Most Active UAUC Reporting  |
| 2008 | Petronas Award                            | PETRONAS Carigali               | Achieving HSE-MS Assessment by PCSB - Level 2.62.   |
| 2008 | Petronas Award                            | PETRONAS Carigali               | Recognition of Provision of Offshore Integrated Topside Maintenance (including HUC) for Oil and Gas Industry.                           |
| 2008 | Certificate of Recognition                | IQNet & SIRIM QAS International | Recognition of Quality Mangement System Provision of General Topside Construction and Maintenance Services to the Oil and Gas Industry. |
| 2007 | PETRONAS Carigali HSE Awards 2006/2007    | Petronas Carigali               | Recognition of an Excellent Achievement   |
| 2007 | Memo of Appreciation                      | Murphy Sabah Oil Co. Ltd        | In conjunction for the successful 1st oil from Kikeh's Dry Tree Unit (DTU) achieved on 17 August 2007                                   |
| 2005 | Certificate of Appreciation               | PETRONAS Carigali               | Successful and early Samarang start-up without Lost Time Incident   |
| 2005 | Certificate of Appreciation               | PETRONAS Carigali               | Zero Lost Time Incident Safety Record with a total of 3.35 million  |
| 2005 | Contractor Safety Recognition Grand Award | ExxonMobil                      | Recognition of Safety Excellence 2005   |
| 2004 | Grand Award                               | PETRONAS Carigali (PMO)         | Recognition of Excellence HSE Performance 2004  |
| 2004 | Certificate of Appreciation               | PETRONAS Carigali               | Achieving TRCF Zero for 780,000 man hours in year 2003  |
| 2004 | Certificate of Appreciation               | Sarawak Shell                   | Completion of 1 Million Man-hours Work Recording without a Lost Time Incident   |
| 2004 | Contractor Safety Recognition Grand Award | ExxonMobil                      | Recognition of Safety Excellence 2004   |
| 2004 | Certificate of Appreciation               | PETRONAS Carigali               | Achieving TRCF Zero for 780,000 man hours in year 2004  |
| 2003 | Certificate of Appreciation               | PETRONAS Carigali (PMO)         | Active contributions in achieving Zero Lost Time Incident during the Angsi planned shutdown   |
| 2003 | Certificate of Appreciation               | PETRONAS Carigali               | Achieving good safety record and with TRCF less than 2.5  |
| 2003 | Certificate of Appreciation               | PETRONAS Carigali (PMO)         | Contributions in providing excellent support in major shutdown works  |
| 2002 | Certificate of Achievement                | PETRONAS Carigali (PMO)         | Outstanding accomplishments and contributions for successful 2002 onshore gas terminal shutdown.  |

**Notes : -**

**PMO = Peninsular Malaysia Operation**

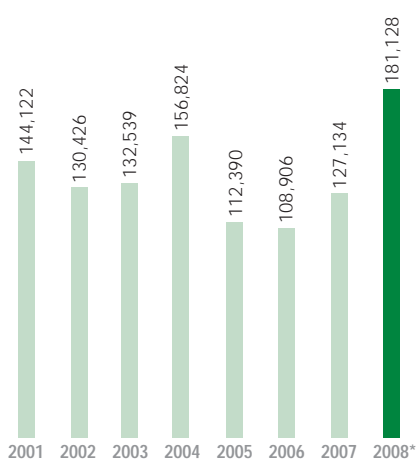
**TRCF= Total recordable injury case frequency**

## 8 Year Financial Highlights

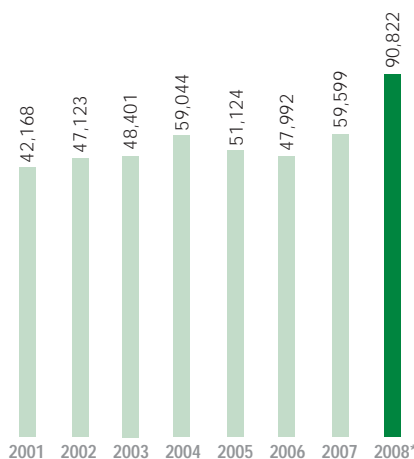
8 Year Financial Highlights (in RM'000)

| Year         | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008*   |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue      | 144,122 | 130,426 | 132,539 | 156,824 | 112,390 | 108,906 | 127,134 | 181,128 |
| Gross Profit | 42,168  | 47,123  | 48,401  | 59,044  | 51,124  | 47,992  | 59,599  | 90,822  |
| PBT          | 25,425  | 29,901  | 30,985  | 39,243  | 31,344  | 31,191  | 39,233  | 88,759  |
| PAT          | 18,202  | 21,430  | 22,137  | 28,222  | 22,188  | 22,697  | 28,852  | 71,444  |
| GP Margin    | 29.3%   | 36.1%   | 36.5%   | 37.6%   | 45.5%   | 44.1%   | 46.9%   | 50.1%   |
| PBT Margin   | 17.6%   | 22.9%   | 23.4%   | 25.0%   | 27.9%   | 28.6%   | 30.9%   | 49.0%   |

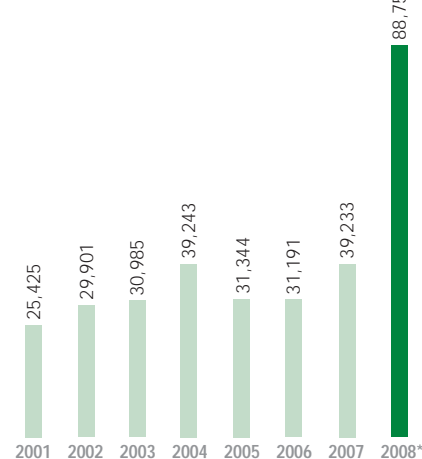
Revenue (RM'000)



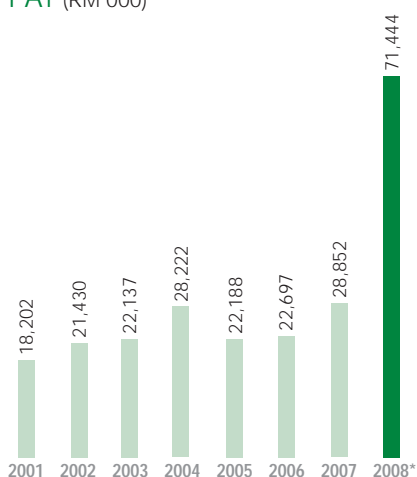
Gross Profit (RM'000)



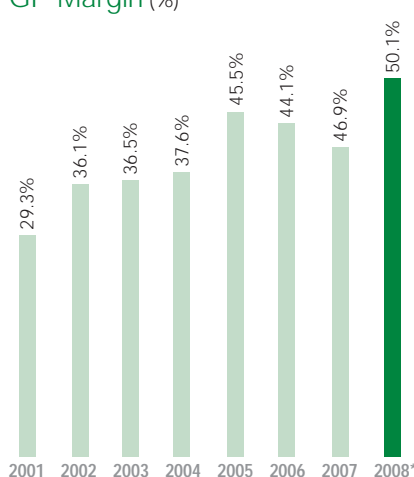
PBT (RM'000)



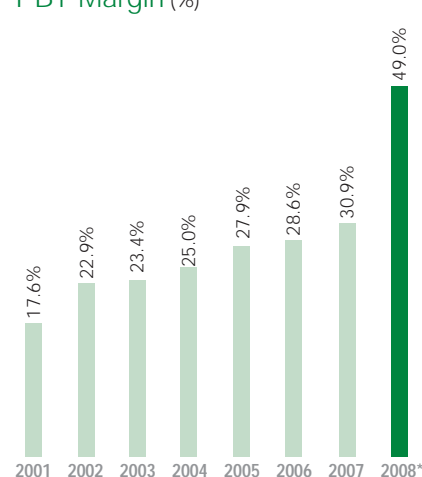
PAT (RM'000)



GP Margin (%)



PBT Margin (%)



**Note:** The financial highlights for years 2001 to 2007 are presented on a proforma basis as if the subsidiaries were part of Dayang Enterprise Holdings Bhd Group since 2001 and are for illustrative purposes only.

**2008 \*** Results is for 15 months period.



### Datuk Hasmi Bin Hasnan

*Chairman*

Datuk Hasmi Bin Hasnan, aged 56, was appointed Non-Independent Executive Chairman of Dayang Enterprise Holdings Bhd on 29 February 2008.

He graduated with a BSc in Estate Management from the London South Bank University, UK in 1978. He is a Senior Certified Valuer with International Real Estate Institute, USA and a member of FIABCI.

He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. Since 1982, he has been involved in a wide range of businesses, including valuation, project management, property development and management, construction, timber, manufacturing, trading and publishing. In June 1993, he became the Managing Director of Naim Cendera Sdn Bhd and has since been the main driving force behind the company's growth and expansion. He was awarded the title of Panglima Gemilang Bintang Kenyalang on 9th September 2000.

He was awarded the Property Man of the Year for 2008 by the International Real Estate Federation (FIABCI) in Kuala Lumpur.

He is Chairman of another listed company, Sarawak Plantation Berhad, Managing Director of Naim Holdings Berhad and director of one non-listed company, Naim Incorporated Berhad.



### Ling Suk Kiong

*Deputy Chairman*

*Chairman – Risk Management Committee*

Ling Suk Kiong, aged 63 is the founder of Dayang Group of Companies. He established Dayang Enterprise Sdn Bhd in 1980. He was appointed Deputy Chairman of Dayang Enterprise Holdings Bhd on 29 February 2008. He has been instrumental in the growth and development of our Group. He brings with him approximately twenty-eight (28) years of experience in the Oil and Gas Industry and is mainly responsible for the overall strategic business direction of our Group.

He is also a director of S.K Ling & Sons Sdn Bhd, Jasa Oilfields Supply Sdn Bhd and Kunci Prima Sdn Bhd.



### Tengku Yusof Bin Tengku Ahmad Shahrudin

*Managing Director*

*Chairman – Corporate Social Responsibility Committee*

*Member – Risk Management Committee*

Tengku Yusof Bin Tengku Ahmad Shahrudin, aged 46, was appointed Managing Director of Dayang Enterprise Holdings Bhd on 29 February 2008. He graduated in 1984 from the University of Toledo in the United States of America with a Bachelor of Science Degree majoring in Civil Engineering.

Upon his graduation, he joined Leonhardt, Kerps and Lefevre Structural Engineering as a Structural Engineer in 1984. In 1985, he joined Modal Bina Sdn Bhd as a Project Engineer. Subsequently in 1988, he took up the position as Sales Engineer with Mobil Oil Malaysia Sdn Bhd. In 1991, he established Hexamas Sdn Bhd.

He was appointed Director of Dayang Enterprise Sdn Bhd in 1993. He also holds directorship in FortuneTriumph Sdn Bhd and DESB Marine Services Sdn Bhd. He holds several directorships in other private limited companies in Malaysia, including Hexamas Sdn Bhd, Hexamas Oilfield Services Sdn Bhd, Sierra Mal Sdn Bhd and Kunci Prima Sdn Bhd.





### Joe Ling Siew Loung @ Lin Shou Long

*Deputy Managing Director  
Member – Risk Management Committee*

Joe Ling Siew Loung @ Lin Shou Long, aged 36, was appointed Non-Independent Deputy Managing Director on 29 February 2008. He graduated from University of Western Australia in 1993 with a Bachelor of Engineering Degree. In 1999, he obtained a Master of Business Administration degree from the same university.

He began his career in 1994 when he joined Sarawak Shell and Sabah Shell as a Trainee Engineer. In 1995, he joined POG. EP. Fochi Joint Venture as an Office Engineer. Subsequently in 1995, he joined Daiken Sarawak Sdn Bhd as a Production Engineer.

He joined Dayang Enterprise Sdn Bhd in 1997 and was appointed Assistant General Manager. He is currently responsible for overseeing and monitoring the management and operations of Dayang Group.



### Harry Bin Bujang

*Executive Director*

Harry Bin Bujang, aged 52, was appointed as Non-Independent Executive Director of Dayang Enterprise Holdings Bhd on 29 February 2008. He joined Dayang Enterprise Sdn Bhd in 1981 and was appointed director in 1989. He is also a Director in Fortune Triumph Sdn Bhd and DESB Marine Services Sdn Bhd.

He brings with him extensive experience in the Oil and Gas Industry as a result of over twenty-seven (27) years of direct working experience in the industry. He currently oversees the operations and human resources for the offshore operations. He also holds directorship in Jasa Oilfields Supply Sdn Bhd and Vogue Empire Sdn Bhd.



### Dr Sharifuddin Bin Abdul Wahab

*Executive Director  
Member – Risk Management Committee*

Dr. Sharifuddin Bin Abdul Wahab, aged 53, was appointed Non-Independent Executive Director on 29 February 2008.

He graduated with a Doctor of Veterinary Medicine degree from the University of Agriculture, Faisalabad, Pakistan in 1981. He then pursued his postgraduate studies and obtained his Masters Degree from Universiti Pertanian Malaysia in 1983. He also holds a certificate in RIA techniques from Cornell University, United States of America.

He began his career in the education field as a lecturer in Universiti Pertanian Malaysia in 1982 and was active in various research and development activities. He was awarded research grants from the International Atomic Energy Agency (IAEA) Vienna, Commonwealth Scientific and Industrial Research Organisation (CSIRO) Australia and later appointed as expert for Africa and South East Asia by the IAEA. He joined Schmidt Scientific Sdn. Bhd. from 1989 – 2005 and successfully restructured the Biomedical business in Malaysia. He was appointed the Executive Director of Schmidt Vietnam Co Ltd from 1995 – 1998. He was promoted to the position of Regional Managing Director in 1999. He was also the Chief Executive Officer of Schmidt BioMedTech Asia Ltd., a multinational company with presence in over ten countries in Asia. He left Schmidt BioMedTech Asia Ltd on 15th February 2007. However, he was re-appointed as an Independent Director for Schmidt BioMedTech Asia Ltd. on 26th February 2007. He also holds directorships in several private limited companies.

He is the Deputy Managing Director of a listed company, Naim Holdings Berhad and a non-listed company, Naim Incorporated Berhad.



### Gordon Kab @ Gudan Bin Kab

*Executive Director*

*Member – Corporate Social Responsibility Committee*

Gordon Kab @ Gudan Bin Kab, aged 53, was appointed as our Non-Independent Executive Director on 29 February 2008. He graduated from Loughborough University of Technology, England United Kingdom, with a B.Sc (Hon.) degree in Civil Engineering.

He has over twenty-eight (28) years of working experience in both Oil and Gas and the Construction industries. He gained extensive experience with Sarawak Shell Berhad for fifteen (15) years and Sime Darby Berhad's Oil and Gas Engineering Division, Esteem Century Sdn Bhd.

In mid May 2000, he was engaged by Cahya Mata Sarawak Berhad as a Senior Project Manager (Central Procurement Unit) and then as Senior Project Manager for PPES Works (Sarawak) Sdn Bhd (Northern Region Operation). He then moved on to PPES Marine Resources Sdn Bhd as an Operations Manager in the Deep Sea Fishing Division in charge of vessels management and support.

He was engaged with Naim Group of Companies from 2006 to 2009. He was appointed as a Senior Head of Construction, in charge of the operation and execution of major infrastructure, engineering projects and building/institutional complexes. He was later appointed as Vice President for the Oil & Gas Division.



### YB Chia Chu Fatt

*Independent Non-Executive Director*

*Chairman – Audit Committee*

*Member – Joint Remuneration And Nomination Committee*

*Member – Corporate Social Responsibility Committee*

YB Chia Chu Fatt, aged 55, was appointed as our Independent Non-Executive Director on 29 February 2008. YB Chia is an accountant by profession and is the proprietor of Andy Chia & Co. He is a Fellow member of the Association of Chartered Certified Accountants (UK), a Chartered Accountant of the Malaysian Institute of Accountants and an Associate member of the Chartered Tax Institute of Malaysia. He has thirty (30) years of working experience in Chartered Accountants firms, of which approximately four (4) years were in a medium size firm in London.

He is also a Director of Koperasi Serbaguna Miri Berhad and Miri Transport Company Sdn Bhd and a Board member of Sarawak Land Development Board. YB Chia is also a Sarawak State Legislative Council Assemblyman since 2006 and was a Councillor of Miri Municipal Council from 1988 to 1999.

He is an Independent Non-Executive Director of Ta Ann Holdings Berhad.



### Polit Bin Hamzah

*Independent Non-Executive Director  
Chairman – Joint Remuneration and Nomination Committee  
Member – Audit Committee*

Polit Bin Hamzah, aged 59, was appointed as our Independent Non-Executive Director on 29 February 2008. He graduated with BSc (Hons) in Geology from University of Malaya in 1975. He worked for twenty (20) years (1975 – 1996) in the oil and gas exploration and production company (Petronas Carigali) in various technical and management positions with the last position being the General Manager in-charge of the Sabah Operations.

From 1997 – 2001, he headed the Land Custody and Development Authority, a body responsible for planning and development of land for large scale commercial agriculture (oil palm, sago) plantations and property development throughout the state of Sarawak through partnerships with listed and private companies.

In 2002 -2003, he took up the position as the General Manager of the Sarawak Economic Development Corporation. From 2003, till to date, he continues to get involved in the Boards of various government and private owned companies in Sarawak and at the Federal level. He was a member of the Board of Lembaga Pergalakan Pelancongan Malaysia (Tourism Malaysia) a body corporate under the Ministry of Tourism, Malaysia from 2003 – 2008.

He is an Independent Non-Executive Director of Sarawak Plantation Berhad.



### Tuan Haji Abdul Aziz Bin Ishak

*Independent Non-Executive Director  
Member – Audit Committee  
Member – Joint Remuneration and Nomination Committee*

Tuan Haji Abdul Aziz Bin Ishak, aged 57, was appointed as our Independent Non-Executive Director on 29 February 2008. A Naval Architect by profession, Tuan Haji Abdul Aziz Bin Ishak completed his secondary education at the Malay College, Kuala Kangsar in 1970 and later obtained an Ordinary National Certificate in Nautical Science from the Riversdale College of Technology, Liverpool, United Kingdom in 1974 and a Bachelor of Science in Naval Architecture and Ocean Engineering from the University of Glasgow, Scotland, United Kingdom in 1981. He later attended an Advanced Management Program at the Smeal Business School from the Pennsylvania State University in the United States of America.

He has over thirty (30) years of experience in the Oil and Gas and marine industry having started his careers as a Cadet and Deck Navigating Officer with Blue Funnel Line in Liverpool in 1971 and later joined Orient Lloyd (M) Sdn Bhd as Shipping Operations Executive in 1975. From 1981 to 1983, he was attached to Penang Port Commission as Naval Architect/Planning Engineer before joining PETRONAS, Marine Department in 1983 as Section Head. He was later promoted to Senior Manager, Technical Services of PETRONAS Tankers Sdn Bhd in 1990 and was posted to France and Japan before returning to Malaysia in 1996 as General Manager, Fleet Operations. In 1999, he was promoted to the position of Chief Executive Officer and Managing Director until his retirement in 2007.

Concurrently between 1999 – 2001, he was also the Senior General Manager for Fleet Management Division and Senior General Manager, LNG Shipping Business Division of MISC Berhad.

Please refer to page 56 for Directors' securities holdings in the Company.

Save for Joe Ling Siew Loung @ Lin Shou Long who is the son of Ling Suk Kiong, there are no other family relationship with the Directors and/or major shareholders of the Company.

All Directors are Malaysian.

None of the Directors have any conflict of interest with the Company.

None of the Directors have been convicted for any offences.

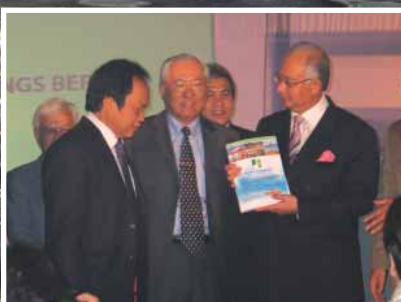
Please refer to page 16 for Directors attendance at board meetings held during the financial period.

## Message To Our Shareholders



Dear Fellow Shareholders,

On the 24 April 2008, our Company made its debut on the stock exchange of the Main Board of Bursa Malaysia Securities Berhad. On behalf of the Board of Directors, it is our greatest pleasure to present the First Annual Report and Audited Financial Statements of **DAYANG ENTERPRISE HOLDINGS BHD** and its Group of Companies for the financial period ended 31 December 2008, after its successful listing.



### Performance Review

We are particularly pleased to report that for the 15-months financial period, we have performed exceptionally well and delivered a record earnings by achieving a **Profit Before Tax (PBT) of RM88.8 million and Profit attributable to Shareholders was RM71.4 million.** PBT was up by 48% compared to forecast figures as disclosed in our Prospectus. This was largely due to improved operating efficiencies; timely delivery of projects ahead of schedules and better overall cost containment measures that were already put in place. **Earnings attributable to shareholders, was registered at 20.3 sen per share as compared to a forecast of 10.3 sen as stated in our Prospectus.**

Group turnover recorded was close to our expectations, amounting to RM181.1million as demand for offshore work activities remained high.

### Balance Sheet Strength

**The Group also maintained a healthy balance sheet, with net assets of RM316.3 million and virtually zero gearing for the period under review. Cash and bank balances stands at RM97.2 million.**

## Message To Our Shareholders (Continued)



### Dividends

In view of the good operating results and after taking into account the current depressed investors' sentiments, our Board had approved and distributed the first and second interim dividends totaling 14 sen per ordinary share less income tax of 26% (1st interim dividend) and 25% (2nd interim dividend) for the financial period ended 31 December 2008 to reward its shareholders. ***The total dividend payments constituted about 51.4% of total distributable earnings for the period under review and this represented a gross dividend yield of 20% based on a share price of 70 sen as at 31 December 08 and a gross dividend yield of 10% based on IPO price of RM1.45 per share.***

The Board is of the opinion that this offers adequate short term financial returns for our investors whilst maintaining reasonable returns for future growth. The Board is not recommending a final dividend for the financial period ended 31 December 2008.

### Outlook and Current Year's Prospects

In view of the economic downturn, we do not expect a repeat performance of 2008. The business environment in which our company operates has changed and it is getting more and more difficult and challenging. As it stands, compared to a year ago, the world economy is now in turmoil with almost every country trying their best to stimulate and rejuvenate their economies. Worldwide credit crunch has already put additional pressure on every company and country to come up with sustainable measures for survival. Crude oil prices had taken a tumble from a high of USD147 per barrel in July 2008 to only USD51 per barrel, at time of writing. Our clients have embarked on budget cuts and reduced spending in both capital and operating expenditures.

Realistically, it is difficult for us to drum up an upbeat forecast for 2009 and 2010, although as at to date we still have an estimated order book of RM500 million which will keep us busy for the next few years. However, ultimately the success of the Group depends not so much on the external constraints we face, but on how well we could adapt and respond to them. We are conscious of the challenges ahead and will focus on achieving cost efficiencies to allow us to stay competitive.

The Group has always adopted a very prudent and conservative stance on divestments, investments and even borrowings. We grew the marine vessel business very gradually with an addition of one or two vessels a year. We have yet to venture overseas. We remained very focus in what we do best in our domestic markets.

On hindsight, all those decisions we took previously were sound decisions. At a time like this, we are considered fortunate that we have not embarked on an aggressive growth. We have virtually zero gearing and also a healthy cash and bank position. All these will prove very useful for us in the near future.

Rest assured, our Board is always on the look out to secure better, more sustainable and profitable contracts and businesses. In our views, the Group will move stronger going forward and we will accelerate the pace of development in charting the Group's growth for the longer term. We believe we have what it takes to sustain and grow our company in a profitable and responsible manner.

### Acknowledgement

On behalf of the Board of Directors, we would like to thank Dayang Management and staff for their unwavering commitment, dedication and valuable contribution to the Group. We would also like to thank our fellow Board members for their visionary leadership in steering the Company together with us and also for their invaluable support. To our valued clients and business associates, we would like to express our gratitude and appreciation for your continuous guidance and support. We look forward to a more fruitful year ahead and to serve you better.

We would also like to extend our sincere thanks to the analysts, fund managers and financial institutions for their support and continued trust and confidence in us. Last but not least, to all our dedicated shareholders, thank you for your trust, confidence and continuing support for the Group. We pledge to deliver the best.

Thank you.

**Datuk Hasmi Bin Hasnan**  
Executive Chairman

**Tengku Yusof Bin Tengku Ahmad Shahrudin**  
Managing Director

## Corporate Social Responsibility Activities

The Board of Directors of the Company, is also committed to promote corporate social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value.

The Company values the contributions from the employees which attributes to the success of Dayang Group. The Group is committed towards providing a conducive and caring working environment for the employees. Various trainings are provided to motivate the employees and to upgrade their skills. The Company also recognizes the importance of maintaining workplace safety and health . In view of this, the group has implemented Policy on Health and Safety at Work. The policy generally prescribes guidelines mainly on the following:-

1. Promote employees health and safety through provision of suitable protective equipment and appliances for employees' use at their respective workplace and
2. Requiring contractors to abide to health and safety rules either on its premises or performing work on our behalf.

The Company enforces HSE Policies under the supervision of the HSE Manager, Mr Nicholas Ubong Luang and guidance of our Managing Director, Tengku Yusof. As a result of our rigorously enforced policies, the Company has achieved 13.63 Million Manhours Without Loss Injury Time as at 31 March 2009. Dayang remains committed to maintaining our high standards in the areas of HSE.

The Group encourages active participation from all level of staff by constantly organizing in house and outdoor events. Through organized activities, the Board of Directors has built a stronger bond with its employees and let the employees have a sense of belonging in the Group.



# Audit Committee Report

## MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee are as follows:

|                                |   |
|--------------------------------|---|
| YB Chia Chu Fatt               | Chairman (Independent Non-Executive Director) |
| Polit Bin Hamzah               | Member (Independent Non-Executive Director)   |
| Tuan Haji Abdul Aziz Bin Ishak | Member (Independent Non-Executive Director)   |

## COMPOSITION AND TERMS OF REFERENCE

The Terms of Reference of the Audit Committee ("Terms of Reference") outlines and incorporates the roles and responsibilities of the Audit Committee as prescribed under the Listing Requirement ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malaysia Code on Corporate Governance ("the Code").

The Audit Committee comprises at least three members of the Board of Directors of which at least two-thirds of the Committee members are Independent Directors and one of committee is a member of the Malaysian Institute of Accountant. The members choose their chair from the Independent composition of the Committee.

The Committee members are appointed by the Board of Directors, which in its opinion would exercise independent judgement based on the structure and composition of the Committee.

The Secretary to the Board of Directors shall also be secretary of this Committee.

## MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee meets at least four times a year during the finalization of the financial accounts of the Company and the Group for the quarterly announcements to Bursa Malaysia Securities Berhad. The principal focus of any other meeting(s) will be on management control and internal audit.

At the request of the Chair, the other Executive Directors and other executives (in particular the Head of Internal Audit) will be in attendance at Committee meetings or for selected agenda items. The representatives of the external auditors may also be invited to attend the meetings.

## REPORTING LINE OF THE AUDIT COMMITTEE

The Audit Committee reports directly to the Board of Directors.

## THE RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is responsible for the following:

- To examine the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of accounting and internal control systems;
- To examine and review the adequacy and effectiveness of management and operations;
- To review the statutory accounts and other published financial statements and information;
- To monitor relationship with external auditors, to ensure that there are no restrictions on the scope of the statutory audit; to make recommendations on the auditors' appointment, remuneration and dismissal; and to review the activities, findings, conclusions and recommendations of the external auditors; and
- To review arrangements established by management for compliance with regulatory and financial reporting requirements.

## AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL PERIOD 2008

The Audit Committee held six meetings during the financial period under review with the following attendance record:

| Name of Directors              | Attendance* |
|--------------------------------|-------------|
| YB Chia Chu Fatt               | 6/6         |
| Polit Bin Hamzah               | 5/6         |
| Tuan Haji Abdul Aziz Bin Ishak | 6/6         |

\*Number of meetings attended/Number of meetings held

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were performed by the Audit Committee during the financial period ended 31 December 2008:

- 1) Reviewed the unaudited quarterly report of the Group with management and external auditor to ensure compliance with the generally accepted accounting principles and Financial Reporting Standards.
- 2) Based on the satisfactory review and discussion above, the Audit Committee recommend to the Board of Directors that the quarterly unaudited financial statements be approved for announcement to Bursa Malaysia Securities.
- 3) Reviewed related party transactions on a quarterly basis. Where commercial relationship exist between each director, major shareholders and persons connected to Dayang Group, the Audit Committee and the Board will ensure that such transactions are on normal commercial terms that are not favourable to the related parties than those generally available to the public.
- 4) Reviewed and discussed the internal audit plan, scope of work and reports.
- 5) Reviewed with external auditor in their audit plan, scope of work as well as the audit procedures to be utilized.
- 6) Reviewed the external auditor's fees and services.

### OVERSEEING THE INTERNAL AUDIT FUNCTION

The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit. The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.



## Statement on Internal Control

In accordance with Malaysia Code on Corporate Governance ("the code"), and as embodied in the Company's Board Charter, the Board acknowledges its responsibility for the Company's system of internal control to safeguard shareholders' investment and Company's assets.

It should be noted that the system of internal control is designed to manage rather than eliminate risks of failure in achieving business objectives, and that they can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

### Board Responsibility

The Board of Directors recognizes the importance of good practices of corporate governance and is committed to maintaining a sound system of internal control to safeguard shareholders' investment and Group's assets. The Board is pleased to provide the following statement to outline the nature and scope of internal control of the Group during the period.

The Board of Directors affirms its overall responsibility for the Group's systems of internal controls, risk management, and for reviewing the adequacy and integrity of these systems. Due to the limitations that are inherent in any system of internal control, these systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board recognizes that the group is growing and thus the system on internal control will continue to be enhanced to suit the need and requirements of the expanding group.

### Internal Audit Department

The Group has in place an internal audit department, which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems for compliance with applicable laws, regulations, directives, guidelines and agreements.

The performance of Internal Audit function was carried out to the audit plan approved by the Audit Committee. The Internal Audit function adopts a risk-based approach in addition to be an independent and objective reporting on the state of Group's internal control system. In addition, the department routinely conducts audits within the Dayang Group in areas including operations, finance and administration, the reviews and findings of which are tabled to the Audit Committee on a periodic basis.

The Internal Audit department reports functionally to the Audit Committee. In providing independent and impartial appraisal, the department's personnel are given full, free and unrestricted access to all records, information, property, personnel and other relevant resources of the Dayang Group.

### Risk Management

The Board is responsible for identifying principal risks and ensuring the implementation of proper and appropriate systems to manage these risks. The Risk Management Committee has been set up to facilitate the implementation of the Risk Management System and oversees the risk management process for the Dayang Group. The Company is currently in the process of documenting the risk profile of Dayang Group and the related risk monitoring system.

However, based on the assessment of the internal control systems of the Dayang Group, the Board is of the view that there is an ongoing process to manage the significant risks affecting the achievement of its business objectives in their daily activities throughout the period up to the date of approval of the annual report. The system of internal controls that exist throughout the year provides a level of confidence on which the Board relies for assurance.

# Statement of Corporate Governance

(Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad)

The Board of Directors (the 'Board') recognizes that the practice of good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism are key components for the Group's continued growth and success.

The Board of Directors is committed in ensuring that 'The Principles and Best Practices of the Malaysian Code on Corporate Governance (the 'Code') are observed and practiced as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company.

The Statement below sets out the manner in which the Group has applied the principles of the Code and the extent of compliance with best practices advocated therein.

## DIRECTORS

### Board Composition

The Board is collectively responsible for setting policies which promote the success of the Group. The Board currently has 10 members, comprising 7 Executive Directors and 3 Independent Non- Executive Directors. As such, at least one third of the Board are Independent Directors who are independent of management and are free from any businesses or other relationships that could materially interfere with the exercise of independent judgement.

### Board Duties and Responsibilities

In addition to the statutory and fiduciary duties, the Board has the overall responsibility for corporate governance, strategic direction and overseeing the investment and business of the Group. The Board's other primary duties are to conduct regular review of the Group's business operations and performances and to ensure that effective controls and systems exist to measure and manage business risks.

The Board also has the overall obligation to act in the best interests of the shareholders and to protect the shareholders' investments, whilst at the same time taking into account the interests of other stakeholders in a fair and ethical manner.

### Board Meetings

The Company was granted listing on the Main Board of Bursa Malaysia Securities Berhad on 24 April 2008 and has subsequently changed its financial year-end from 30th September to 31st December. During the financial period ended 31 December 2008, the Board met four (4) times, where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plan and the direction of the Group. Management and performance of the Group and any other issues that may affect the Group's businesses are also deliberated.

The details of attendance of each director are as follows:-

| Name of Director                        | Designation                        | No of Attendance and Meetings |
|---|------------------------------------|-------------------------------|
| Datuk Hasmi Bin Hasnan                  | Executive Chairman                 | 4/4                           |
| Ling Suk Kiong                          | Executive Deputy Chairman          | 3/4                           |
| Tengku Yusof Bin Tengku Ahmad Shahrudin | Executive Managing Director        | 4/4                           |
| Joe Ling Siew Loung @ Lin Shou Long     | Executive Deputy Managing Director | 4/4                           |
| Dr Sharifuddin Bin Abdul Wahab          | Executive Director                 | 4/4                           |
| Harry Bin Bujang                        | Executive Director                 | 4/4                           |
| Gordon Kab @ Gudan Bin Kab              | Executive Director                 | 4/4                           |
| Tuan Haji Abdul Aziz Bin Ishak          | Independent Non-Executive Director | 4/4                           |
| Polit Bin Hamzah                        | Independent Non-Executive Director | 3/4                           |
| YB Chia Chu Fatt                        | Independent Non-Executive Director | 4/4                           |

### Supply of Information

The Company ensures that all the directors have full and timely access to information.

Each Board member receives an agenda and board papers containing information on major financial, operational and corporate matters of the Group at least one (1) week ahead of each Board meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Directors also have direct access to the advise and services of the Company Secretaries and may seek independent professional advice if deemed reasonable and necessary.

## Statement of Corporate Governance (Continued)

### Directors' Training

As at financial period ending 31 December 2008, all the directors have completed their Mandatory Accreditation Programme. The company acknowledges that continuous education is essential for the directors to keep abreast with the dynamic environment in which the Group operates. The directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge in discharging their duties.

Some of the trainings attended by the Directors during the financial period 31 December 2008 are as follows:

| Name                                       | Description of Training   | Date  |
|--|---|---|
| Ling Suk Kiong                             | Addressing Issues on Quality, Health, Safety & Environment  | 28 Oct 2008                                     |
| Tengku Yusof Bin<br>Tengku Ahmad Shahrudin | Addressing Issues on Quality, Health, Safety & Environment  | 28 Oct 2008                                     |
| Joe Ling Siew Loung<br>@Lin Shou Long      | Addressing Issues on Quality, Health, Safety & Environment  | 28 Oct 2008                                     |
| Dr Sharifuddin<br>Bin Abdul Wahab          | PWC Training & Workshop – Risk Profiling Training   | 16 April 2008                                   |
| Harry Bin Bujang                           | Addressing Issues on Quality, Health, Safety & Environment  | 28 Oct 2008                                     |
| Polit Bin Hamzah                           | Enterprise Wide Risk Management   | 14-15 Jan 2008                                  |
| Tuan Haji Abdul Aziz Bin Ishak             | Management Anti-Fraud Programmes and Control<br>(Guidance To Prevent and Deter Fraud)                     | 25 Nov 2008                                     |
| YB Chia Chu Fatt                           | National Tax Conference 2008<br>National Seminar on Taxation 2008<br>Balanced Scorecard Awareness Program | 19 & 20 Aug 2008<br>16 Sept 2008<br>22 Dec 2008 |

### Appointment and Retirement of Directors

The appointment of Directors is the responsibility of the whole Board.

In accordance with Article 86 of the Company's Articles of Association, at least one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. Provided always that all Directors shall retire from office once at least in each three(3) years, but shall be eligible for re-election.

### Directors' Remuneration

The remuneration framework for executive directors has an underlying objective of attracting and retaining directors needed to run the Company successfully.

Remuneration packages of executive directors are structured to commensurate with corporate and individual's performance taking into consideration the prevailing market rates.

Details of the remuneration of the Directors of Dayang for the financial period ended 31 December 2008 are as follows :

|                   | Executive Directors (RM) | Non Executive Directors (RM) | Total (RM) |
|-------------------|--------------------------|------------------------------|------------|
| Fees              | 1,760,000                | 150,000                      | 1,910,000  |
| Salary            | 870,232                  | -                            | 870,232    |
| Bonus             | 232,847                  | -                            | 232,847    |
| Other emoluments  | 369,174                  | -                            | 369,174    |
| Meeting Allowance | -                        | 8,000                        | 8,000      |
| Total             | 3,232,253                | 158,000                      | 3,390,253  |

## Statement of Corporate Governance (Continued)

The number of Executive Directors in each remuneration band is as follows :-

| RANGE OF REMUNERATION | NUMBER OF EXECUTIVE DIRECTORS |
|-----------------------|-------------------------------|
| RM50,001 – RM100,000  | 1                             |
| RM100,001 – RM150,000 | 2                             |
| RM500,001 – RM550,000 | 1                             |
| RM550,001 – RM600,000 | 1                             |
| RM800,001 – RM850,000 | 1                             |
| RM850,001 – RM900,000 | 1                             |

Details of the Director's remuneration are set out in applicable bands of RM50,000 which comply with Bursa Malaysia Listing Requirements. Whilst the Code prescribed for individual disclosure of directors' remuneration packages, the Board is of the view that transparency and accountability aspects of Corporate Governance in respect of the Directors' remuneration are appropriately and adequately addressed by the band disclosure method adopted by the Board.

There is no service contract made between any Director and the Company or its subsidiary companies.

The Board has established a Joint Remuneration & Nomination Committee

The members of the Committee which is wholly comprised of Independent Non-Executive Directors are as follows:-

|                                |                                    |
|--------------------------------|------------------------------------|
| Polit Bin Hamzah               | Independent Non-Executive Director |
| YB Chia Chu Fatt               | Independent Non-Executive Director |
| Tuan Haji Abdul Aziz Bin ishak | Independent Non-Executive Director |

The Joint Remuneration & Nomination Committee is responsible to recommend to the Board, the remuneration of Directors in all its forms and assessing & recommending nominees for appointment to the Board. The determination of remuneration packages of Directors is a matter for the Board as a whole and individuals are required to abstain from discussion of their own remuneration.

### Relations with Shareholders and Investors

1. Dayang values good communications with shareholders and investors and the importance of accountability to them. As such, the Board is disseminating proper, timely and adequate information to the investors and shareholders through annual report, announcements, circulars to shareholders and press releases.
2. The Company's Annual General Meeting ("AGM") is the principal avenue for dialogue and interaction with the shareholders of the Company. The Board encourages shareholders' active participation at the Company's AGM and ensure that all Board Members and Senior Management staff are available to respond to shareholders' enquiries during the meeting.

The Company also maintains a website at [www.desb.net](http://www.desb.net) that allows all shareholders and investors to gain access to information about the Group.

### Accountability and Audit

1. Financial Reporting  
The Board of Directors is responsible for ensuring the proper maintenance of accounting records of the Group. The Audit committee assists the Board in reviewing the quarterly reports to Bursa Malaysia and the annual report to shareholders to ensure its accuracy, adequacy and completeness.
2. Internal Controls  
The Board of Directors acknowledges its responsibility for the Group's systems of internal controls and risk management and for reviewing the effectiveness and adequacy of those systems.

The Board of Directors also recognizes that these systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the systems of internal control can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

The Director's Statement on Internal Control as set out on page 15 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' interests and the Company's assets.

## Accountability and Audit (Continued)

### 3. Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards and statutory requirements.

The Audit Committee met with the external auditors to discuss their audit plan, audit findings and the financial statements.

## Directors' Responsibility Statement

The provisions of the Companies Act, 1965 requires the directors to be responsible in preparing the financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year then ended.

In preparing the financial statements for the financial period ended 31 December 2008, the directors have :-

- adopted the appropriate accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed;
- made judgments and estimates that are prudent and reasonable; and
- ensured the financial statements have been prepared on a going concern basis

The Directors are responsible for ensuring that proper accounting records are maintained by the Group and the Company which disclose reasonable accuracy of the financial position of the Group and Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

In addition, the Directors are also responsible for safeguarding the assets of the Company by taking reasonable steps to prevent and detect fraud and other irregularities.

## Compliance Statement

The Board is pleased to confirm that the Company has complied with the principles and best practices as set out in Part1 and 2 respectively of the Malaysian Code on Corporate Governance.

## Additional Compliance Information

### 1. Utilisation of Proceeds from Corporate Exercise

#### (a) Initial Public Offering

On 24th April 2008, the entire enlarged issued and paid-up share capital of the Company comprising 352,000,000 ordinary shares of RM0.50 each were listed on the Main Board of Bursa Malaysia Securities Berhad.

#### (b) Utilisation of Rights Issue & IPO Proceeds

| Purpose   | Proposed Utilisation<br>RM'000 | Actual Utilisation<br>RM'000 | Balance<br>RM'000 |
|---|--------------------------------|------------------------------|-------------------|
| Full Redemption of Islamic Medium Term Notes  | 60,000                         | 60,000                       | 0                 |
| Part finance the construction of marine vessels and/or acquisition of equipment & machinery | 51,450                         | 21,290                       | 30,160            |
| Working Capital   | 28,767                         | 22,420                       | 6,347             |
| Listing Expenses  | 4,600                          | 4,659                        | (59)              |
| Total   | 144,817                        | 108,428                      | 36,448            |

The excess actual utilization of listing expenses over the proposed utilization will be deducted from the Utilisation of Working Capital.

The intended time frame for full utilization of the proceeds is 24 months from date of Prospectus dated 31 March 2008.

## Additional Compliance Information (Continued)

### 2. Share Buy-back

There were no share buy-back arrangements during the financial period ended 31 December 2008.

### 3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised in respect of the financial period.

### 4. American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programmes during the financial period.

### 5. Imposition of Sanctions and / or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies during the financial period ended 31 December 2008.

### 6. Non-Audit Fees

The amount of non-audit fees paid to the external auditors, Moore Stephens by the Company and its subsidiaries during the financial period ended 31 December 2008 amounted to RM212,830 for professional services rendered as follows:

| Company                        | Review of Quarterly Announcement (RM) | Floatation/Listing Exercise fees(RM) | Tax Fee (RM) |
|--------------------------------|---------------------------------------|--------------------------------------|--------------|
| Dayang Enterprise Holdings Bhd | 9,450                                 | 186,900                              | 0            |
| Dayang Enterprise Sdn Bhd      | -                                     | -                                    | 14,877       |
| DESB Marine Services Sdn Bhd   | -                                     | -                                    | 563          |
| Fortune Triumph Sdn Bhd        | -                                     | -                                    | 1,040        |
| Total                          | 9,450                                 | 186,900                              | 16,480       |

### 7. Variation in Results

There were no material variances between the audited results of the financial period ended 31 December 2008 and the announced unaudited results.

### 8. Profit Guarantee

During the financial period, there were no profit guarantees given by the Company or its subsidiaries.

### 9. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial period ended 31 December 2008 which involves the interests of the Directors and major shareholders.

### 10. Revaluation Policy

The Company does not adopt a policy of regular revaluation.

### 11. Related Party Transactions

The related party transactions are disclosed on pages 50 to 51 of the Annual Report.

## Financial Statements

|   |         |
|---|---------|
| Director's Report                           | 22 - 25 |
| Statement by Directors                      | 26      |
| Statutory Declaration                       | 26      |
| Independent Auditors' Report to the Members | 27      |
| Income Statements                           | 28      |
| Balance Sheets                              | 29      |
| Statements of Changes in Equity             | 30      |
| Cash Flow Statements                        | 31      |
| Notes to the Financial Statements           | 32 - 55 |

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial period from 1 October 2007 to 31 December 2008.

## CHANGE OF FINANCIAL YEAR END

During the period, the Company changed its financial year end from 30 September to 31 December due to coincide with the financial year of a major shareholder of the Company. In relation thereto, the audited financial statements for the current period is in respect of fifteen (15) months period from 1 October 2007 to 31 December 2008.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of its subsidiaries, all of which were acquired during the financial period, are stated in note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

## RESULTS

|                           | Group<br>RM | Company<br>RM |
|---------------------------|-------------|---------------|
| Net profit for the period | 71,444,382  | 19,800,200    |

## DIVIDEND

During the period, the Company declared and paid an interim dividend of 7 sen per share less 26% tax amounting to RM18,233,600 for the current financial period on 1 September 2008.

Subsequent to the end of the financial period, the Company declared a second interim dividend of 7 sen per share less 25% tax amounting to RM18,480,000 paid on 27 March 2009 in respect of the current financial year.

The Directors do not recommend any final dividend payment for the current financial period.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the income statement and balance sheet 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 provisions for doubtful debts, and have satisfied themselves that there were no known bad debts and that no provision for doubtful debts is required.

At the date of this report, the Directors are not aware of any circumstances which would require the writing off of bad debts or a provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## CURRENT ASSETS

Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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



# DIRECTORS' REPORT

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial period.

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

- (i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of subsidiaries.
- (ii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the financial period in which the report is made.

## ISSUE OF SHARES

During the financial period, the Company increased its authorised share capital from RM100,000 to RM500,000,000 by the creation of an additional 999,800,000 ordinary shares of RM0.50 each.

The Company then increased its issued and fully paid-up share capital from RM1 to RM176,000,000 by the following:-

- (i) issue of 125,006,621 ordinary shares of RM0.50 each as satisfaction of purchase consideration amounted to RM62,503,443 for acquisition of the entire issued and paid-up share capital of Dayang Enterprise Sdn. Bhd.;
- (ii) issue of 111,742,922 ordinary shares of RM0.50 each as satisfaction of purchase consideration amounted to RM55,871,579 for acquisition of the entire issued and paid-up share capital of DESB Marine Services Sdn. Bhd.;
- (iii) issue of 9,076,455 ordinary shares of RM0.50 each as satisfaction of purchase consideration amounted to RM4,538,237 for acquisition of the entire issued and paid-up share capital of Fortune Triumph Sdn. Bhd.;
- (iv) rights issue of 20,300,000 ordinary shares of RM0.50 each in at an issue price of RM1 per ordinary share satisfied by cash; and
- (v) public issue of 85,874,000 ordinary shares of RM0.50 each at an issue price of RM1.45 per ordinary share satisfied by cash.

# DIRECTORS' REPORT

## DIRECTORS OF THE COMPANY

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

|  |                        |
|--|------------------------|
| HARRY BIN BUJANG                         | (Appointed on 2.11.07) |
| LING SUK KIONG                           | (Appointed on 2.11.07) |
| TENGGU YUSOF BIN TENGGU AHMAD SHAHRUDDIN | (Appointed on 2.11.07) |
| DATUK HASMI BIN HASNAN                   | (Appointed on 29.2.08) |
| GORDON KAB @ GUDAN BIN KAB               | (Appointed on 29.2.08) |
| AZMAN BIN MOHAMED ZIN                    | (Resigned on 3.11.07)  |
| NARAYANAN A/L NARAYANAN                  | (Resigned on 3.11.07)  |
| DR. SHARIFUDDIN BIN ABDUL WAHAB          | (Appointed on 29.2.08) |
| JOE LING SIEW LOUNG @ LIN SHOU LONG      | (Appointed on 29.2.08) |
| YB CHIA CHU FATT                         | (Appointed on 29.2.08) |
| POLIT BIN HAMZAH                         | (Appointed on 29.2.08) |
| TUAN HAJI ABDUL AZIZ BIN ISHAK           | (Appointed on 29.2.08) |

The interest of the Directors in the office as at the end of the financial year in the shares of the Company during the financial year end according to the registers required to be kept under Section 134 of the Companies Act, 1965, are as follows:-

|   | Number of Ordinary Shares of RM0.50/- Each |            |             |                        |
|---|--|------------|-------------|------------------------|
|   | At<br>1 October 2007                       | Bought     | Sold        | At<br>31 December 2008 |
| <b>Direct Interest</b>                  |  |            |             |                        |
| Azman Bin Mohamed Zin                   | 1  | -          | (1)         | -                      |
| Narayanan A/L Narayanan                 | 1  | -          | (1)         | -                      |
| Harry bin Bujang                        | -  | 140,000    | -           | 140,000                |
| Ling Suk Kiong                          | -  | 35,136,092 | -           | 35,136,092             |
| Tengku Yusof bin Tengku Ahmad Shahrudin | -  | 53,048,448 | (5,000,000) | 48,048,448             |
| Dr. Sharifuddin bin Abdul Wahab         | -  | 210,000    | -           | 210,000                |
| Gordon Kab @ Gudan bin Kab              | -  | 115,000    | -           | 115,000                |
| Datuk Hasmi bin Hasnan                  | -  | 410,000    | -           | 410,000                |
| Joe Ling Siew Loung @ Lin Shou Long     | -  | 1,100,000  | -           | 1,100,000              |

### Indirect Interest being shares held through companies in which the Directors have substantial interest

|                        |             |   |             |
|------------------------|-------------|---|-------------|
| Harry bin Bujang       | 55,059,760  | - | 55,059,760  |
| Datuk Hasmi bin Hasnan | 126,686,700 | - | 126,686,700 |

By virtue of their substantial financial interests in the shares of the Company, Harry bin Bujang and Datuk Hasmi bin Hasnan are also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration 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 except for deemed benefits which may arise from transactions entered into the ordinary course of business as disclosed in note 30(d) to the financial statements.

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

# DIRECTORS' REPORT

## SIGNIFICANT EVENTS

Significant events arising during the financial period are disclosed in note 32 to the financial statements.

## AUDITORS

The auditors, Messrs. Moore Stephens, were involved in a merger on 1 January 2008. The merged firm is now practicing under the name of Moore Stephens AC. In view of this merger, Messrs. Moore Stephens retires and do not seek reappointment.

Signed on behalf of the Board in accordance with a resolution of the Directors dated--

TENGGU YUSOF BIN  
TENGGU AHMAD SHAHRUDDIN

LING SUK KIONG

# STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

## STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 29 to 55, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated--

TENGGU YUSOF BIN  
TENGGU AHMAD SHAHRUDDIN

LING SUK KIONG

## STATUTORY DECLARATION

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

I, Ling Suk Kiong, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 29 to 55, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at  
Miri in the State of Sarawak  
On

LING SUK KIONG

Before me

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAYANG ENTERPRISE HOLDINGS BHD

## Report on the Financial Statements

We have audited the financial statements of Dayang Enterprise Holdings Bhd., which comprise the balance sheet as at 31 December 2008 of the Group and of the Company, and the income statements, statement of changes in equity and cash flow statements of the Group and of the Company for the period from 1 October 2007 to 31 December 2008 and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 55.

## Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' Responsibility

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

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

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

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of its financial performance and cash flows for the period then ended.

## Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Matters

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

MOORE STEPHENS  
Chartered Accountants  
AF. 0282

Kuala Lumpur

AU TAI WEE  
1551/01/11 (J)  
Partner

# INCOME STATEMENT

## FOR THE PERIOD FROM 1 OCTOBER 2007 TO 31 DECEMBER 2008

|  | Note | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|--|------|--|--|-------------------------------|
| Operating Revenue                        | 4    | 181,127,586  | 26,500,000   | -                             |
| Direct operating costs                   | 5    | (90,305,829)   | -  | -                             |
| <b>Gross profit</b>                      |      | <b>90,821,757</b>  | <b>26,500,000</b>  | <b>-</b>                      |
| Other revenue                            |      | 26,387,588   | 2,085,419  |                               |
| Administrative costs                     |      | (23,685,319)   | (1,788,219)  | (1,260)                       |
| Other operating costs                    |      | (142,564)  | -  | -                             |
| <b>Profit from operations</b>            |      | <b>93,381,462</b>  | <b>26,797,200</b>  | <b>(1,260)</b>                |
| Finance costs                            |      | (4,622,113)  | -  | -                             |
| <b>Profit before taxation</b>            | 6    | <b>88,759,349</b>  | <b>26,797,200</b>  | <b>(1,260)</b>                |
| Tax expense                              | 7    | (17,314,967)   | (6,997,000)  | -                             |
| <b>Profit/(Loss) for the period/year</b> |      | <b>71,444,382</b>  | <b>19,800,200</b>  | <b>(1,260)</b>                |
| <b>Attributable to:-</b>                 |      |  |  |                               |
| Equity holders of the Company            |      | 71,444,382   |  |                               |
| Minority interests                       |      | -  |  |                               |
|  |      | <b>71,444,382</b>  |  |                               |
| Basic earnings per ordinary share (sen)  | 8    | 31.48  |  |                               |

The accompanying notes form an integral part of the financial statements

# BALANCE SHEET AS AT 31 DECEMBER 2008

|   | Note | Group<br>At<br>31 .12.2008<br>RM | Company<br>At<br>31 .12.2008<br>RM | At<br>30.9.2007<br>RM |
|---|------|----------------------------------|------------------------------------|-----------------------|
| <b>ASSETS</b>   |      |                                  |                                    |                       |
| <b>Non-current asset</b>  |      |                                  |                                    |                       |
| Property, plant and equipment   | 9    | 161,983,196                      | 2,744                              | -                     |
| Investment in subsidiaries  | 10   | -                                | 122,913,259                        | -                     |
| Other investment  | 11   | 10,177,023                       | 10,177,023                         | -                     |
| Deferred tax assets   | 12   | 34,200                           | -                                  | -                     |
|   |      | <u>172,194,419</u>               | <u>133,093,026</u>                 | <u>-</u>              |
| <b>Current assets</b>   |      |                                  |                                    |                       |
| Inventories   | 13   | 1,818,011                        | -                                  | -                     |
| Trade receivables   | 14   | 104,523,497                      | -                                  | -                     |
| Other receivables, deposits and prepayments                           | 15   | 1,893,252                        | 4,500                              | -                     |
| Amount due from subsidiaries  | 16   | -                                | 103,955,931                        | -                     |
| Cash on deposit with licensed banks                                   | 17   | 68,215,235                       | 26,975,669                         | -                     |
| Cash and bank balances  |      | 28,943,115                       | 1,083,457                          | 1                     |
|   |      | <u>205,393,110</u>               | <u>132,019,557</u>                 | <u>1</u>              |
| <b>TOTAL ASSETS</b>   |      | <u>377,587,529</u>               | <u>265,112,583</u>                 | <u>1</u>              |
| <b>EQUITY AND LIABILITIES</b>   |      |                                  |                                    |                       |
| <b>Equity</b>   |      |                                  |                                    |                       |
| Share capital   | 18   | 176,000,000                      | 176,000,000                        | 1                     |
| Reserves  | 20   | 140,275,914                      | 88,631,732                         | (6,196)               |
| <b>Total equity attributable to the equity holders of the Company</b> |      | <u>316,275,914</u>               | <u>264,631,732</u>                 | <u>(6,195)</u>        |
| <b>Non-current liabilities</b>  |      |                                  |                                    |                       |
| Hire purchase payable   | 21   | 62,700                           | -                                  | -                     |
| Deferred taxation   | 12   | 3,716,990                        | -                                  | -                     |
|   |      | <u>3,779,690</u>                 | <u>-</u>                           | <u>-</u>              |
| <b>Current liabilities</b>  |      |                                  |                                    |                       |
| Trade payables  | 22   | 44,733,437                       | -                                  | -                     |
| Other payables and accruals   | 23   | 6,013,267                        | 183,626                            | 6,196                 |
| Bank overdraft-unsecured  | 24   | 2,160                            | -                                  | -                     |
| Hire purchase payable   | 21   | 85,110                           | -                                  | -                     |
| Taxation  |      | 6,697,951                        | 297,225                            | -                     |
|   |      | <u>57,531,925</u>                | <u>480,851</u>                     | <u>6,196</u>          |
| <b>Total liabilities</b>  |      | <u>61,311,615</u>                | <u>480,851</u>                     | <u>6,196</u>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |      | <u>377,587,529</u>               | <u>265,112,583</u>                 | <u>1</u>              |

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 OCTOBER 2007 TO 31 DECEMBER 2008

|  | Share<br>Capital<br>RM | Non-<br>Distributable<br>Share<br>Premium<br>RM | Distributable<br>Retained<br>Profits<br>RM | Total<br>Equity<br>RM |
|--|------------------------|---|--|-----------------------|
| <b>At 01.10.07</b>   | 1                      | -   | (6,196)                                    | (6,195)               |
| Issuance of shares   | 175,999,999            | 91,730,560                                      | -  | 267,730,559           |
| Expenses recognised directly in equity   |                        |   |  |                       |
| - Shares issue expenses  | -                      | (4,659,232)                                     | -  | (4,659,232)           |
| Profit for the period  | -                      | -   | 71,444,382                                 | 71,444,382            |
| Total income and expense recognised for the period   | -                      | (4,659,232)                                     | 71,444,382                                 | 66,785,150            |
| First interim dividend of 7 sen per share less 26% tax in respect of the current financial period. | -                      | -   | (18,233,600)                               | (18,233,600)          |
| <b>At 31.12.08</b>   | 176,000,000            | 87,071,328                                      | 53,204,586                                 | 316,275,914           |

|  | Share<br>Capital<br>RM | Non-<br>Distributable<br>Share<br>Premium<br>RM | Distributable<br>(Accumulated<br>Losses)/<br>Retained<br>Profits<br>RM | Total<br>Equity<br>RM |
|--|------------------------|---|--|-----------------------|
| <b>At 1 October 2006</b>   | 1                      | -   | (4,936)  | (4,935)               |
| Loss for the year  | -                      | -   | (1,260)  | (1,260)               |
| <b>At 30 September 2007</b>  | 1                      | -   | (6,196)  | (6,195)               |
| Issuance of shares   | 175,999,999            | 91,730,560                                      | -  | 267,730,559           |
| Expenses recognised directly in equity   |                        |   |  |                       |
| - Shares issue expenses  | -                      | (4,659,232)                                     | -  | (4,659,232)           |
| Profit for the period  | -                      | -   | 19,800,200   | 19,800,200            |
| Total income and expense recognised for the period   | -                      | (4,659,232)                                     | 19,800,200   | 15,140,968            |
| First interim dividend of 7 sen per share less 26% tax in respect of the current financial period. | -                      | -   | (18,233,600)   | (18,233,600)          |
| <b>At 31 December 2008</b>   | 176,000,000            | 87,071,328                                      | 1,560,404  | 264,631,732           |

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



# CASH FLOW STATEMENT

## FOR THE PERIOD FROM 1 OCTOBER 2007 TO 31 DECEMBER 2008

|   | Notes | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|---|-------|--|--|-------------------------------|
| <b>Cash Flows from Operating Activities</b>                 |       |  |  |                               |
| Profit/(Loss) for the period/year                           |       | 88,759,349   | 26,797,200   | (1,260)                       |
| Adjustments for:-   |       |  |  |                               |
| Depreciation of Property, plant and equipment               |       | 5,886,921  | 305  | -                             |
| Interest expense  |       | 4,470,126  | -  | -                             |
| Loss on disposal of property, plant and equipment           |       | 187  | -  | -                             |
| Property, plant and equipment written off                   |       | 1,980  | -  | -                             |
| Excess of fair value over acquisition cost of subsidiaries  |       | (22,536,312)   | -  | -                             |
| Dividend revenue  |       | -  | (24,700,000)   | -                             |
| Interest revenue  |       | (3,851,269)  | (2,085,419)  | -                             |
| <b>Operating profit before working capital changes</b>      |       | <b>72,730,982</b>  | <b>12,086</b>  | <b>(1,260)</b>                |
| Decrease in inventories                                     |       | 1,449,661  | -  | -                             |
| Increase in receivables                                     |       | (46,715,468)   | (4,500)  | -                             |
| Increase in payables  |       | 23,417,457   | 177,430  | 1,260                         |
| Cash generated from operations                              |       | 50,882,632   | 185,016  | -                             |
| Interest paid   |       | (4,470,126)  | -  | -                             |
| Interest received   |       | 3,851,269  | 2,085,419  | -                             |
| Tax paid  |       | (14,170,829)   | (277,775)  | -                             |
| Net cash generated from operating activities                |       | 36,092,946   | 1,992,660  | -                             |
| <b>Cash Flows from Operating Activities</b>                 |       |  |  |                               |
| Purchase of other investment                                |       | (10,177,023)   | (10,177,023)   | -                             |
| Advances to subsidiaries                                    |       | -  | (103,955,931)  | -                             |
| Dividend received   |       | -  | 18,278,000   | -                             |
| Effect of acquisition of subsidiaries, net of cash acquired | 26    | 42,079,748   | -  | -                             |
| Purchase of property, plant and equipment                   |       | (37,701,317)   | (3,049)  | -                             |
| Proceeds from disposal of other investment                  |       | 25,000,000   | -  | -                             |
| Proceeds from disposal of property, plant and equipment     |       | 3,945  | -  | -                             |
| Net cash generated from/(used in) investing activities      |       | 19,205,353   | (95,858,003)   | -                             |
| Balance carried down  |       | 55,298,299   | (93,865,343)   | -                             |
| Balance brought down  |       | 55,298,299   | (93,865,343)   | -                             |
| <b>Cash Flow from Financing Activities</b>                  |       |  |  |                               |
| Payments to hire purchase                                   |       | (66,578)   | -  | -                             |
| Dividend paid   |       | (18,233,600)   | (18,233,600)   | -                             |
| Repayment of Islamic medium term notes                      |       | (60,000,000)   | -  | -                             |
| Repayment of revolving credit                               |       | (20,000,000)   | -  | -                             |
| Proceed from issuance of shares                             |       | 144,817,300  | 144,817,300  | -                             |
| Share issue expenses paid                                   |       | (4,659,232)  | (4,659,232)  | -                             |
| Net cash generated from financing activities                |       | 41,857,890   | 121,924,468  | -                             |
| <b>Net increase in cash and cash equivalents</b>            |       | <b>97,156,189</b>  | <b>28,059,125</b>  | <b>-</b>                      |
| Cash and cash equivalents at beginning of the period/year   |       | 1  | 1  | 1                             |
| Cash and cash equivalents at end of the period/year         | 27    | 97,156,190   | 28,059,126   | 1                             |

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at Lot 868, 1st Floor, Jalan Permaisuri, 98000 Miri, Sarawak.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries, all of which were acquired during the period, are stated in note 10.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 23 April 2009.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and complied with the provisions of the Companies Act 1965.

On 1 October 2007, the Group and the Company adopted the following new and revised FRSs, Amendment to FRS and Issues Committee ("IC") Interpretations issued by the MASB that are effective for financial periods beginning on or after 1 January 2007 or 1 July 2007:

|                       |   |
|-----------------------|---|
| Amendment to FRS 121  | The effects of Changes in Foreign Exchange Rates - Net investment in foreign operation                  |
| FRS 6                 | Exploration for and Evaluation of Mineral Resources   |
| FRS 107               | Cash Flow Statements  |
| FRS 111               | Construction Contracts  |
| FRS 112               | Income Taxes  |
| FRS 118               | Revenue   |
| FRS 120               | Accounting for Government Grants and Disclosure of Government Assistance                                |
| FRS 134               | Interim Financial Reporting   |
| FRS 137               | Provision, Contingent Liabilities and Contingent Assets   |
| IC Interpretation 1 : | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                |
| IC Interpretation 2 : | Members' Shares in Co-operative Entities and Similar Instruments  |
| IC Interpretation 5 : | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds    |
| IC Interpretation 6 : | Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment   |
| IC Interpretation 7 : | Applying the Restatement Approach under FRS 129/2004 Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8 : | Scope of FRS 2  |

The adoption of FRS 107, 112, 118, 134, 137 and amendment to FRS 121 does not have any significant impact on the results and the financial position of the Group and of the Company or result in any significant changes in the accounting policy of the Group and of the Company.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 6, 111 and 120 are not relevant to the Group and to the Company's operations.

At the date of authorisation of the financial statements, the following new FRSs and IC Interpretations have been issued but not yet effective and have not been applied by the Group and by the Company:-

|                      |   | <b>Effective for financial periods beginning on or after</b> |
|----------------------|---|--|
| FRS 4                | Insurance Contracts                                 | 1 January 2010   |
| FRS 7                | Financial Instruments : Disclosures                 | 1 January 2010   |
| FRS 8                | Operating Segments                                  | 1 July 2009  |
| FRS 139              | Financial Instruments : Recognition and Measurement | 1 January 2010   |
| IC Interpretation 9  | Reassessment of Embedded Derivatives                | 1 January 2010   |
| IC Interpretation 10 | Interim Financial Reporting and Impairment          | 1 January 2010   |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 2. BASIS OF PREPARATION (Continued)

#### (a) Statement of compliance (Continued)

The adoption of FRS 7 and IC Interpretation 10 is not expected to have any significant impact on the financial statements of the Group and of the Company when they become effective.

IC Interpretation 9 and FRS 4 and 8 are not relevant to the Group and to the Company's operations.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on these financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, changes in Accounting Estimates and Errors*, is not disclosed.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for those as disclosed in the respective accounting policy notes.

#### (c) Functional and presentation policy

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

#### (d) Significant accounting estimates and judgements

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

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

- (i) Depreciation of property, plant and equipment (note 9) – The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipments to be within 5 to 25 years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets therefore future depreciation charges could be revised.
- (ii) Deferred tax assets (Note 12) – deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries which are listed in note 10 are made up to the end of the financial year.

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

The results of the subsidiaries acquired or disposed during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. The assets, liabilities and contingent liabilities assumed of subsidiaries are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of Consolidation (Continued)

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

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiaries will be allocated to the Group until the minority shareholders share of losses previously absorbed by the Group has been recovered.

Any excess of cost of acquisition over the Group's interest in the fair value of identified assets, liabilities and contingent liabilities assumed represents goodwill.

Any excess of the Group's interest in the fair value of the identified assets, liabilities and contingent liabilities assumed over the cost of acquisition is charged in the income statement.

#### (b) Subsidiaries

A subsidiary is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on an individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

#### (c) Foreign Currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

#### (d) Revenue Recognition

##### (i) Services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. When the outcome cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

##### (ii) Interest revenue

Interest revenue is recognised on an accrual basis using the effective interest method.

##### (iii) Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

##### (iv) Rental revenue

Rental revenue is recognised on accrual basis.

##### (v) Management fees

Management fees are recognised when services are rendered.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised for prior years' tax.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill.

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

#### (f) Borrowing Costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

#### (g) Lease payments

##### (i) Finance Lease

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

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

##### (ii) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

In the case of lease of land, the minimum lease payments or up-front payments made represents prepaid land lease payments and are recognised on a straight line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Employee benefits

##### (i) Short term employee benefits

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

##### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee's Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

#### (i) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost or revalued amount less accumulated depreciation and any accumulated impairment losses.

Marine vessels are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and accumulated impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Marine vessels are revalued at least once in every five years to ensure that the fair value of the vessels does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is recognised in profit or loss to the extent the decrease previously recognised. A deficit arising therefrom is recognised as an expense. However, a deficit will be set-off against any related revaluation surplus to the extent that the deficit does not exceed the amount held in revaluation reserve in respect of the same asset. On disposal of these marine vessels, any surplus in revaluation reserve relating to these vessels will be transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Marine vessels and building under construction are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for a straight-line basis to write off the cost or revalued amount of each asset to its residual value over the estimated useful life, at the following annual rates:

|                        |           |
|------------------------|-----------|
| Marine Vessels         | 4%        |
| Onboard Equipment      | 10%       |
| Offshore Equipment     | 20%       |
| Containers             | 10%       |
| Furniture and Fittings | 10%       |
| Office Equipment       | 10% - 40% |
| Motor vehicles         | 20%       |

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (j) Impairment of Assets

The carrying amounts of assets other than financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on individual asset basis, unless the asset does not generate cash flow that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

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

#### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes the actual cost of materials and incidentals in bringing the inventories into store.

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

#### (l) Financial Instruments

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

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, bank borrowings and ordinary shares. These instruments are recognized in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantee given to financial institution and third parties for banking and credit facilities granted to the subsidiaries. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

#### (i) Cash and Cash Equivalents

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

#### (ii) Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

#### (iii) Payables

Payables are stated at cost which are the fair value of the consideration to be paid in the future for goods and services received.

#### (iv) Interest Bearing Borrowings

Interest bearing term loans are recorded at the amount of proceeds received.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (l) Financial Instruments (Continued)

##### (v) Other Non-current Investments

Non-current investments other than investments in subsidiaries, associated companies, jointly controlled entities and investment properties are stated at cost less allowance for diminution in value, if any.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

##### (vi) Equity Instruments

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

#### (o) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### (p) Segment reporting

A segment is a distinguishable component of the Group that is either in providing products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### 4. OPERATING REVENUE

|                       | <b>Group</b><br><b>Period from</b><br><b>1.10.2007 to</b><br><b>31.12.2008</b><br><b>RM</b> | <b>Company</b><br><b>Period from</b><br><b>1.10.2007 to</b><br><b>31.12.2008</b><br><b>RM</b> | <b>Year ended</b><br><b>30.9.2007</b><br><b>RM</b> |
|-----------------------|---|---|--|
| Rendering of services | 180,168,656   | -   | -  |
| Rental of equipment   | 958,930   | -   | -  |
| Dividend revenue      | -   | 24,700,000  | -  |
| Management fees       | -   | 1,800,000   | -  |
|                       | <hr/> 181,127,586 <hr/>   | <hr/> 26,500,000 <hr/>  | <hr/> - <hr/>                                      |

### 5. DIRECT OPERATING COSTS

|   | <b>Group</b><br><b>Period from</b><br><b>1.10.2007 to</b><br><b>31.12.2008</b><br><b>RM</b> |
|---|---|
| Cost of services rendered                           | 90,122,505  |
| Direct costs associated with of rental of equipment | 183,324   |
|   | <hr/> 90,305,829 <hr/>  |



# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

#### (a) Other items

|   | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|---|--|--|-------------------------------|
| Auditors' remuneration  | 98,000   | 12,000   | 600                           |
| Depreciation of property, plant and equipment                       | 5,886,921  | 305  | -                             |
| Executive directors' remuneration                                   |  |  |                               |
| - fees  | 1,760,000  | 1,310,000  | -                             |
| - other emoluments  | 1,480,253  | 8,000  | -                             |
| Non-executive directors' remuneration - fees                        | 150,000  | 150,000  | -                             |
| Lease rentals   | 437,786  | -  | -                             |
| Interest expense  | 4,470,126  | -  | -                             |
| Loss on disposal of property, plant and equipment                   | 187  | -  | -                             |
| Property, plant and equipment written off                           | 1,980  | -  | -                             |
| Rental of premises  | 1,045,924  | -  | -                             |
| Rental of equipment, motor vehicle<br>and charter of marine vessels | 11,985,608   | -  | -                             |
| Excess of fair value over acquisition<br>cost of subsidiaries       | (22,536,312)   | -  | -                             |
| Interest revenue  | (3,851,269)  | (2,085,419)  | -                             |
|   | <hr/>  | <hr/>  | <hr/>                         |

The estimate monetary value of Directors' benefits-in-kind of the Group is RM23,327.

#### (b) Staff costs

|  | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|--|--|--|-------------------------------|
| Staff costs (including key management personnel) | 35,225,859   | 20,178   | -                             |
|  | <hr/>  | <hr/>  | <hr/>                         |
| Included in staff costs are:-                    |  |  |                               |
| - Contribution to Employees Provident Fund       | 2,464,243  | 1,978  | -                             |
| - Social Security Contribution                   | 306,271  | 207  | -                             |
|  | <hr/>  | <hr/>  | <hr/>                         |

### 7. TAX EXPENSE

|  | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|--|--|--|-------------------------------|
| <b>Current tax expense</b>                     |  |  |                               |
| Malaysia - current period/year                 | 15,602,397   | 6,997,000  | -                             |
| - prior year                                   | 670  | -  | -                             |
|  | <hr/>  | <hr/>  | <hr/>                         |
|  | 15,603,067   | 6,997,000  | -                             |
| <b>Deferred tax expense</b>                    |  |  |                               |
| Origination of temporary differences (note 12) | 1,718,300  | -  | -                             |
| Overprovision in prior year (note 12)          | (6,400)  | -  | -                             |
|  | <hr/>  | <hr/>  | <hr/>                         |
|  | 1,711,900  | -  | -                             |
|  | <hr/>  | <hr/>  | <hr/>                         |
| Tax expense                                    | 17,314,967   | 6,997,000  | -                             |
|  | <hr/>  | <hr/>  | <hr/>                         |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 7. TAX EXPENSE (Continued)

#### Reconciliation of effective tax expense

|   | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|---|--|--|-------------------------------|
| Profit/(Loss) before tax  | 88,759,349   | 26,797,200   | (1,260)                       |
| Tax at the Malaysian statutory tax rate of 26%<br>(year ended 30.9.07 : 27%)        | 23,077,430   | 6,967,300  | (340)                         |
| Expenses not deductible for tax purpose   | 2,227,100  | 29,700   | 340                           |
| Revenue not taxable for tax purpose   | (5,859,483)  | -  | -                             |
| Income exempted for tax purpose under<br>Section 54A (i)(b) of Income Tax Act, 1967 | (2,024,250)  | -  | -                             |
| Deferred tax reconciled at different tax rate *                                     | (70,100)   | -  | -                             |
| Effect of different tax rate of subsidiaries  | (30,000)   | -  | -                             |
| Underprovision of tax expenses in prior year  | 670  | -  | -                             |
| Overprovision of deferred tax in prior year   | (6,400)  | -  | -                             |
| income tax expense for the period/year  | 17,314,967   | 6,997,000  | -                             |

\* The corporate income tax rate reduced to 27% in the year of assessment 2007, to 26% in the year of assessment 2008 and will further reduce to 25% in subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

During the period, the Group has estimated unabsorbed capital allowances of RM939,500 to set-off against future taxable profits.

### 8. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary equity holders of RM71,444,382 and on the weighted average number of ordinary shares outstanding during the period of 226,947,704.

Weighted average number of ordinary shares is calculated as follows:-

Weighted average number of share

|                             | Group<br>Period from<br>1.10.2007 to<br>31.12.2008 |
|-----------------------------|--|
| At beginning of the period  | 2  |
| Acquisition of subsidiaries | 164,778,562  |
| Rights issue                | 13,607,205   |
| Public issue                | 48,561,934   |
|                             | <u>226,947,704</u>                                 |

#### Diluted earnings per ordinary share

As at year end, the Company has no potential ordinary shares which are dilutive in nature. Accordingly, diluted earnings per share have not been presented.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 9. PROPERTY, PLANT AND EQUIPMENT

| Group Cost/Valuation                  | Freehold Land RM | Marine Vessels & Onboard Equipment RM | Containers RM | Offshore Equipment RM | Furniture & Fitting RM | Office Equipment RM | Motor Vehicles RM | Marine Vessel & Building Under Construction RM | Total RM    |
|---------------------------------------|------------------|---------------------------------------|---------------|-----------------------|------------------------|---------------------|-------------------|--|-------------|
|                                       |                  |                                       |               |                       |                        |                     |                   |  |             |
| At 1.10.2007                          | -                | -                                     | -             | -                     | -                      | -                   | -                 | -  | -           |
| Acquisition of subsidiaries           | 2,358,350        | 115,323,237                           | 2,073,552     | 4,615,812             | 4,012,710              | 2,040,836           | 1,690,825         | 10,290,000                                     | 142,405,322 |
| Additions                             | 75,273           | 21,306,670                            | -             | 1,603,011             | 412,345                | 408,714             | 2,558,709         | 11,336,595                                     | 37,701,317  |
| Written off                           | -                | (2,100)                               | -             | -                     | -                      | -                   | (38,001)          | -  | (2,100)     |
| Disposals                             | -                | -                                     | -             | (33,200)              | (480)                  | (6,624)             | -                 | -  | (78,305)    |
| At 31.12.08                           | 2,433,623        | 136,627,807                           | 2,073,552     | 6,185,623             | 4,424,575              | 2,442,926           | 4,211,533         | 21,626,595                                     | 180,026,234 |
| <b>Accumulated Depreciation</b>       |                  |                                       |               |                       |                        |                     |                   |  |             |
| At 1.10.2007                          | -                | -                                     | -             | -                     | -                      | -                   | -                 | -  | -           |
| Acquisition of subsidiaries           | -                | 1,963,436                             | 1,545,048     | 4,101,989             | 2,379,200              | 936,923             | 1,303,814         | -  | 12,230,410  |
| Charge for the period                 | -                | 4,394,951                             | 155,089       | 339,014               | 326,062                | 165,951             | 505,854           | -  | 5,886,921   |
| Written off                           | -                | (120)                                 | -             | (33,199)              | (295)                  | (2,680)             | (37,999)          | -  | (120)       |
| Disposals                             | -                | -                                     | -             | -                     | -                      | -                   | -                 | -  | (74,173)    |
| At 31.12.08                           | -                | 6,358,267                             | 1,700,137     | 4,407,804             | 2,704,967              | 1,100,194           | 1,771,669         | -  | 18,043,038  |
| <b>Net Book Value</b>                 |                  |                                       |               |                       |                        |                     |                   |  |             |
| At 31.12.08                           | 2,433,623        | 130,269,540                           | 373,415       | 1,777,819             | 1,719,608              | 1,342,732           | 2,439,864         | 21,626,595                                     | 161,983,196 |
| <b>Analysis of cost and valuation</b> |                  |                                       |               |                       |                        |                     |                   |  |             |
| At valuation -2008                    | -                | 115,297,900                           | -             | -                     | -                      | -                   | -                 | -  | 115,297,900 |
| At cost                               | 2,433,623        | 21,329,907                            | 2,073,552     | 6,185,623             | 4,424,575              | 2,442,926           | 4,211,533         | 21,626,595                                     | 64,728,334  |
| At valuation -2008                    | -                | 109,147,789                           | -             | -                     | -                      | -                   | -                 | -  | 109,147,789 |
| At cost                               | 2,433,623        | 21,121,751                            | 373,415       | 1,777,819             | 1,719,608              | 1,342,732           | 2,439,864         | 21,626,595                                     | 52,835,407  |
| At valuation -2008                    | -                | 130,269,540                           | -             | -                     | -                      | -                   | -                 | -  | 130,269,540 |
| At cost                               | 2,433,623        | 130,269,540                           | 373,415       | 1,777,819             | 1,719,608              | 1,342,732           | 2,439,864         | 21,626,595                                     | 161,983,196 |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

|                                 | Company<br>At<br>31.12.08<br>RM |
|---------------------------------|---------------------------------|
| <b>Furniture and fittings</b>   |                                 |
| <b>Cost</b>                     |                                 |
| Additions                       | 3,049                           |
| At 31.12.08                     | <u>3,049</u>                    |
| <b>Accumulated Depreciation</b> |                                 |
| Charge for the period           | 305                             |
| At 31.12.08                     | <u>305</u>                      |
| <b>Net Book value</b>           |                                 |
| At 31.12.08                     | <u>2,744</u>                    |

- (a) Marine vessels were revalued on 24 September 2007 by Knight Frank Ooi & Zaharin Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market values on existing use basis.
- (b) The net book value of revalued marine vessels had they been carried at cost would have been RM76,400,144.
- (c) Motor vehicle of the Group with cost and net book value of RM280,000 and RM193,123 respectively is acquired under hire purchase agreement.
- (d) Marine vessels with net book value of RM109,185,849 are pledged for borrowing facilities granted to the Group as mentioned in note 25.
- (e) Marine vessel and building under construction are in respect of construction of a new marine vessel and a warehouse on the freehold land of the Group.

### 10. INVESTMENT IN SUBSIDIARIES

|                          | Company<br>At<br>31.12.2008<br>RM | At<br>30.9.2007<br>RM |
|--------------------------|-----------------------------------|-----------------------|
| Unquoted shares, at cost | <u>122,913,259</u>                | <u>-</u>              |

The particulars of subsidiaries are as follows:-

| Name of Company                | Country of Incorporation | Principal Activities   | Effective Equity Interest |               |
|--------------------------------|--------------------------|--|---------------------------|---------------|
|                                |                          |  | At<br>31.12.08            | At<br>30.9.07 |
| Dayang Enterprise Sdn. Bhd.    | Malaysia                 | Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning | 100%                      | -             |
| DESB Marine Services Sdn. Bhd. | Malaysia                 | Charter of marine vessels  | 100%                      | -             |
| Fortune Triumph Sdn. Bhd.      | Malaysia                 | Provision of rental equipment  | 100%                      | -             |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 11. OTHER INVESTMENT

|  | Group/<br>Company<br>At<br>31.12.2008<br>RM | Company<br>At<br>30.9.07<br>RM |
|--|---|--------------------------------|
| At cost,                               |   |                                |
| Unit trust fund - unquoted in Malaysia |   |                                |
| Acquisition of subsidiaries            | 25,000,000                                  | -                              |
| Addition                               | 10,177,023                                  | -                              |
| Disposal                               | (25,000,000)                                | -                              |
| Balance at end of the period           | <u>10,177,023</u>                           | <u>-</u>                       |

Investment in principal guaranteed unit trust fund bears effective interest rates ranging from 3.05% to 3.19% per annum.

### 12. DEFERRED TAXATION

|   | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM |
|---|--|
| <b>Deferred tax assets</b>  |  |
| Acquisition of subsidiaries   | (25,000)   |
| Recognised in income statement  | (9,200)  |
| Balance at end of the period  | <u>(34,200)</u>  |
| <b>Deferred tax liabilities</b>   |  |
| Acquisition of subsidiaries   | 1,995,890  |
| Recognised in income statement  | 1,721,100  |
| Balance at end of the period  | <u>3,716,990</u>   |
| Deferred tax assets and liabilities are attributable to the following:                      |  |
| <b>Deferred tax assets</b>  |  |
| Differences between the carrying amount of property, plant and equipment and their tax base | <u>(34,200)</u>  |
| <b>Deferred tax liabilities</b>   |  |
| Differences between the carrying amount of property, plant and equipment and their tax base | 3,921,490  |
| Unabsorbed capital allowances   | (204,500)  |
|   | <u>3,716,990</u>   |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 13. INVENTORIES

|                           | Group<br>At<br>31.12.2008<br>RM |
|---------------------------|---------------------------------|
| At cost,                  |                                 |
| Materials and consumables | 1,818,011                       |

### 14. TRADE RECEIVABLES

The Group's normal trade credit term ranges from 30 to 90 days.

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                   | Group<br>At<br>31.12.2008<br>RM | Company<br>At<br>31.12.2008<br>RM | At<br>30.9.2007<br>RM |
|-------------------|---------------------------------|-----------------------------------|-----------------------|
| Other receivables | 668,725                         |                                   | -                     |
| Deposits          | 721,092                         | 4,500                             | -                     |
| Prepayments       | 503,435                         | -                                 | -                     |
|                   | <u>1,893,252</u>                | <u>4,500</u>                      | <u>-</u>              |

### 16. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries of the Company are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

### 17. CASH ON DEPOSITS WITH LICENSED BANKS

Cash on deposits with licensed banks of the Group and of the Company bear effective interest rates ranging from 3.00% to 3.50%. (2007 : Nil)

### 18. SHARE CAPITAL

|   | Group/<br>Company<br>At<br>31.12.2008<br>RM | Company<br>At<br>30.9.07<br>RM |
|---|---|--------------------------------|
| Authorised:   |   |                                |
| Balance at beginning of the period/year                               |   |                                |
| 200,000 ordinary shares of RM0.50 each                                | 100,000                                     | 100,000                        |
| 999,800,000 ordinary shares of RM0.50 each created during the period  | 499,900,000                                 | -                              |
| Balance at end of the period/year                                     | <u>500,000,000</u>                          | <u>100,000</u>                 |
| Issued and fully paid:  |   |                                |
| Balance at beginning of the period/year                               |   |                                |
| 2 ordinary shares of RM0.50 each                                      | 1   | 1                              |
| 351,999,998 ordinary shares of RM0.50 each allotted during the period | 175,999,999                                 | -                              |
| Balance at end of the period/year                                     | <u>176,000,000</u>                          | <u>1</u>                       |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 19. SHARE PREMIUM

|  | Group/<br>Company<br>At<br>31.12.2008<br>RM | Company<br>At<br>30.9.07<br>RM |
|--|---|--------------------------------|
| Arising from issue of 245,825,998 ordinary shares of RM0.50 each for acquisition of subsidiaries       | 260   | -                              |
| Arising from the Rights Issue of 20,300,000 ordinary shares of RM0.50 each at a premium of RM0.50 each | 10,150,000                                  | -                              |
| Arising from the Public Issue of 85,874,000 ordinary shares of RM0.50 each at a premium of RM0.95 each | 81,580,300                                  | -                              |
| Less: Share issue expenses   | (4,659,232)                                 | -                              |
|  | <u>87,071,328</u>                           | <u>-</u>                       |

### 20. RESERVES

|                                       | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|---------------------------------------|--|--|-------------------------------|
| <b>Distributable</b>                  |  |  |                               |
| Retained profits/(Accumulated losses) | 53,204,586   | 1,560,404  | (6,196)                       |
| <b>Non-distributable</b>              |  |  |                               |
| Share premium (note 19)               | 87,071,328   | 87,071,328   | -                             |
|                                       | <u>140,275,914</u>                                       | <u>88,631,732</u>  | <u>(6,196)</u>                |

Prior to the year of assessment 2008, Malaysian companies adopted full imputation systems. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2008, the Company has credit in the 108 balance to pay franked dividends amounting to RM518,754 (2007: RM Nil) out of its retained earnings. If the balance of the retained earnings of RM1,041,650 (2007: RM Nil) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 21. HIRE PURCHASE PAYABLE

|  | Group<br>At<br>31.12.2008<br>RM |
|--|---------------------------------|
| Total instalment payments                        | 157,506                         |
| Less: Future finance charges                     | (9,696)                         |
|  | <hr/>                           |
| Present value of hire purchase liabilities       | 147,810                         |
|  | <hr/>                           |
| Payable within 1 year                            |                                 |
| Total instalment payments                        | 94,282                          |
| Less: Future finance charges                     | (9,172)                         |
|  | <hr/>                           |
| Present value of hire purchase liabilities       | 85,110                          |
|  |                                 |
| Payable after 1 year but not later than 2 years  |                                 |
| Total instalment payments                        | 63,224                          |
| Less: Future finance charges                     | (524)                           |
|  | <hr/>                           |
| Present value of hire purchase liabilities       | 62,700                          |
|  | <hr/>                           |
| Total present value of hire purchase liabilities | 147,810                         |
|  | <hr/>                           |

The maturity profile of finance lease liabilities is as follows:

|   | Group<br>At<br>31.12.2008<br>RM |
|---|---------------------------------|
| Payable within 1 year                           | 85,110                          |
| Payable after 1 year but not later than 2 years | 62,700                          |
|   | <hr/>                           |
|   | 147,810                         |
|   | <hr/>                           |

The hire purchase payable of the Group bears effective interest at a rate of 4.30% per annum.

### 22. TRADE PAYABLES

The Group's normal trade credit term ranges from 30 to 90 days.

The foreign exchange currency exposure of trade payables is as follows:

|                      | Group<br>At<br>31.12.2008<br>RM |
|----------------------|---------------------------------|
| United States Dollar | 1,650,765                       |
|                      | <hr/>                           |



# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 23. OTHER PAYABLE AND ACCRUALS

|                | Group<br>At<br>31.12.2008<br>RM | Company<br>At<br>31.12.2008<br>RM | At<br>30.9.2007<br>RM |
|----------------|---------------------------------|-----------------------------------|-----------------------|
| Other payables | 1,427,734                       | 21,636                            | 3,676                 |
| Accruals       | 4,585,533                       | 162,000                           | 2,520                 |
|                | 6,013,267                       | 183,636                           | 6,196                 |

### 24. BANK OVERDRAFT-UNSECURED

Bank overdraft of the Group was supported by way of joint and several guarantees of certain directors of the Group and of the Company and bears effective interest at rates ranging from 8.00% to 8.25% per annum.

### 25. OTHER BORROWINGS

#### Revolving Credit

During the period, the Group utilised a revolving credit facility of RM20 million which was supported by joint and several guarantees by the certain Directors of the Group and of the Company. The revolving credit has been fully repaid in the same period. Interest on the revolving credit was 5.35% per annum.

#### Islamic Commercial Papers/Medium Term Notes

During the period but prior to becoming a subsidiary of the Company, DESB Marine Services Sdn. Bhd. obtained the facility to issue Islamic commercial papers/medium term notes in accordance with the Syariah principle of Murabahah ("CP/MTN") of up to RM120 million in nominal value. The proceeds are to be utilised to refinance the existing term loans, for Syariah compliance working capital and construction of marine vessels.

On 18 October 2007, the DESB Marine Services Sdn. Bhd. issued RM60 million of the MTNs as follows:-

- (i) The primary MTNs comprised 3 tranches, with total proceeds of RM60 million and maturing annually from year 2008 to year 2010.
- (ii) The secondary MTNs represents the profit element attributable to the primary MTNs and are paid semi-annually, at the rate of 5.75% to 6.43% per annum on the outstanding primary MTNs.

The MTNs are secured and supported as follows:-

- (i) Statutory mortgage on three (3) marine vessels of the Group;
- (ii) Legal assignment of the share premium payable by the RPS holder; and
- (iii) Legal assignment of all present and future rights, title and interest in the insurances and revenue pertaining to the mortgaged vessels.

The primary and secondary MTNs so issued have been fully repaid in the same period after DESB Marine Services Sdn. Bhd. became a subsidiary of the Company. However, the facility to issue CP/MTN has not been terminated.

### 26. ACQUISITION OF SUBSIDIARIES

On 29 February 2008, the Company acquired the entire issued and fully paid-up ordinary share capital of Dayang Enterprise Sdn. Bhd., DESB Marine Services Sdn. Bhd. and Fortune Triumph Sdn. Bhd. for a purchase consideration of RM62,503,443, RM55,871,579 and RM4,538,237 respectively satisfied by the issuance of 125,006,621, 111,742,922 and 9,076,455 new ordinary shares of RM0.50 each in the Company at approximately RM0.50 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 26. ACQUISITION OF SUBSIDIARIES (Continued)

(a) The fair values of the assets acquired and the liabilities assumed at the effective date of acquisitions are as follows:-

|   | <b>Group<br/>RM</b> |
|---|---------------------|
| Property, plant and equipment                               | 130,174,912         |
| Other investment  | 25,000,000          |
| Inventories   | 3,267,672           |
| Trade and other receivables                                 | 59,701,283          |
| Cash on deposits with licensed banks                        | 13,551,556          |
| Cash and bank balances                                      | 28,528,192          |
| Trade and other payables                                    | (27,323,051)        |
| Loans and borrowings  | (80,000,000)        |
| Hire purchase payables                                      | (214,388)           |
| Taxation  | (5,265,715)         |
| Deferred taxation   | (1,970,890)         |
|   | <hr/>               |
| Total net assets  | 145,449,571         |
| Excess of fair value over acquisition cost                  | (22,536,312)        |
|   | <hr/>               |
| Total purchase consideration                                | 122,913,259         |
| Less: Cash and cash equivalents of subsidiaries acquired    | (42,079,748)        |
| Acquisition with share exchange                             | (122,913,259)       |
|   | <hr/>               |
| Effect of acquisition of subsidiaries, net of cash acquired | (42,079,748)        |
|   | <hr/>               |

(b) The effects on the consolidated results of the Group from the effective date of the acquisitions are as follows:-

|   | <b>From the date of<br/>acquisition to<br/>31.12.08<br/>RM</b> |
|---|--|
| Operating revenue                                   | 181,127,586  |
| Cost of sales                                       | (90,305,829)   |
|   | <hr/>  |
| Gross profit  | 90,821,757   |
| Other operating revenue                             | 1,765,857  |
|   | <hr/>  |
| Administrative costs                                | (23,697,100)   |
| Other operating costs                               | (142,564)  |
|   | <hr/>  |
|   | (23,839,664)   |
|   | <hr/>  |
| Profit from operations                              | 68,747,950   |
| Finance costs                                       | (4,622,113)  |
|   | <hr/>  |
| Profit before taxation                              | 64,125,837   |
| Taxation  | (16,739,967)   |
|   | <hr/>  |
| Increase in Group's net profit at end of the period | 47,385,870   |
|   | <hr/>  |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 26. ACQUISITION OF SUBSIDIARIES (Continued)

(c) Effect on Consolidated Financial Position

|                                      | <b>Group<br/>RM</b> |
|--------------------------------------|---------------------|
| Property, plant and equipment        | 161,980,452         |
| Deferred tax assets                  | 34,200              |
| Inventories                          | 1,818,011           |
| Trade and other receivables          | 106,412,249         |
| Cash on deposits with licensed banks | 41,239,566          |
| Cash and bank balances               | 27,859,658          |
| Trade and other payables             | (50,563,078)        |
| Bank overdraft                       | (2,160)             |
| Hire purchase payables               | (147,810)           |
| Taxation                             | (6,400,726)         |
| Deferred taxation                    | (3,716,990)         |
|                                      | <hr/>               |
| Total net assets                     | 278,513,372         |
|                                      | <hr/>               |

### 27. CASH AND CASH EQUIVALENTS

|                                     | <b>Group<br/>At<br/>31.12.2008<br/>RM</b> | <b>Company<br/>At<br/>31.12.2008<br/>RM</b> | <b>At<br/>30.9.2007<br/>RM</b> |
|-------------------------------------|---|---|--------------------------------|
| Cash on deposit with licensed banks | 68,215,235                                | 26,975,669                                  | -                              |
| Cash at banks and in hand           | 28,943,115                                | 1,083,457                                   | 1                              |
| Bank overdraft                      | (2,160)                                   | -   | -                              |
|                                     | <hr/>                                     | <hr/>                                       | <hr/>                          |
|                                     | 97,156,190                                | 28,059,126                                  | 1                              |
|                                     | <hr/>                                     | <hr/>                                       | <hr/>                          |

### 28. OPERATING LEASE COMMITMENT

The Group entered into non-cancellable operating lease agreements for the use of offshore equipment. These leases are for a period of 3 years with the option to renew but without the option to purchase the related equipment.

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

|   | <b>Group<br/>At<br/>31.12.2008<br/>RM</b> |
|---|---|
| Future minimum rental payments:                 |   |
| payable within 1 year                           | 494,460                                   |
| Payable after 1 year but not later than 5 years | 452,876                                   |
| Payable after 5 years                           | 64,140                                    |
|   | <hr/>                                     |
|   | 1,011,476                                 |
|   | <hr/>                                     |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 29. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:-

|                             | Group<br>At<br>31.12.2008<br>RM |
|-----------------------------|---------------------------------|
| Approved and contracted for | 32,271,280                      |

### 30. RELATED PARTY DISCLOSURE

#### (a) Identify of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

The Group or the Company has a related party relationship with its subsidiaries, key management personnel of the Group and the Company also the key management personnel's related company.

#### (b) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including executive director of the Group and the Company.

The remuneration of the key management personnel are as follows:-

|  | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|--|--|--|-------------------------------|
| Directors' fees                              | 1,910,000  | 1,460,000  | -                             |
| Short term employee benefits                 | 1,358,768  | 8,000  | -                             |
| Post-employment benefits                     | 121,485  | -  | -                             |
| Estimated monetary value of benefits-in-kind | 23,327   | -  | -                             |
|  | <u>3,413,580</u>   | <u>1,468,000</u>   | <u>-</u>                      |

#### (c) Related party transactions of the Company

|                     | Company<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM | Year ended<br>30.9.2007<br>RM |
|---------------------|--|-------------------------------|
| <b>Subsidiaries</b> |  |                               |
| - Gross dividend    | (24,700,000)   | -                             |
| - Management fees   | (1,800,000)  | -                             |
|                     | <u>(26,500,000)</u>  | <u>-</u>                      |

Information on outstanding balances with related parties of the Company are disclosed in Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 30. RELATED PARTY DISCLOSURE (Continued)

(d) Related party transaction of the Group

|   | Group<br>Period from<br>1.10.2007 to<br>31.12.2008<br>RM |
|---|--|
| A company in which certain key management personnel of the Company are also directors and have substantial financial interest |  |
| - Purchase of equipment   | 495,000  |
| Key management personnel  |  |
| - Rental of premises  | 605,800  |
|   | <hr/>  |

### 31. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

Segment results, assets and liabilities include items directly attributable to a segment as well as those can be allocated on a reasonable basis. Unallocated items comprise mainly other investment, corporate assets and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment other than goodwill.

#### Business segments

The Group's business segments mainly comprise the following four major business segments:-

- |                          |   |  |
|--------------------------|---|--|
| (i) Investment holding   | - | provision of management and secretarial services.  |
| (ii) Topside maintenance | - | provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning for oil and gas industry. |
| (iii) Marine Charter     | - | Charter of marine vessels  |
| (iv) Equipment rental    | - | Rental of offshore equipment   |

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 31. SEGMENT REPORTING (Continued)

#### 15-months period ended 31 December 2008

|   | Investment Holding<br>RM | Topside Maintenance Service<br>RM | Marine Charter<br>RM | Equipment Rental<br>RM | Total<br>RM  | Elimination<br>RM | Consolidated<br>RM |
|---|--------------------------|-----------------------------------|----------------------|------------------------|--------------|-------------------|--------------------|
| <b>Revenue</b>                                    |                          |                                   |                      |                        |              |                   |                    |
| External revenue                                  | -                        | 180,168,656                       | -                    | 958,930                | 181,127,586  | -                 | 181,127,586        |
| Inter-segment revenue                             | 1,800,000                | -                                 | 42,332,088           | 4,018,239              | 48,150,327   | (48,150,327)      | -                  |
| Total segment revenue                             | 1,800,000                | 180,168,656                       | 42,332,088           | 4,977,169              | 229,277,913  | (48,150,327)      | 181,127,586        |
| <b>Results</b>                                    |                          |                                   |                      |                        |              |                   |                    |
| Segment results                                   | 11,781                   | 52,018,432                        | 11,217,368           | 3,594,306              | 66,841,887   | -                 | 66,841,887         |
| Interest expense                                  | -                        | (45,854)                          | (4,424,272)          | -                      | (4,470,126)  | -                 | (4,470,126)        |
| Interest income                                   | 2,085,419                | 1,332,842                         | 350,931              | 82,084                 | 3,851,276    | -                 | 3,851,276          |
| Reserve on consolidation                          | 22,536,312               | -                                 | -                    | -                      | 22,536,312   | -                 | 22,536,312         |
| Tax expense                                       | (575,000)                | (14,206,052)                      | (1,599,957)          | (933,958)              | (17,314,967) | -                 | (17,314,967)       |
| Profit for the period                             | 24,058,512               | 39,099,368                        | 5,544,070            | 2,742,432              | 71,444,382   | -                 | 71,444,382         |
| <b>Assets</b>                                     |                          |                                   |                      |                        |              |                   |                    |
| Segment assets                                    | 28,066,370               | 167,901,662                       | 163,631,479          | 7,776,795              | 367,376,306  | -                 | 367,376,306        |
| Deferred tax assets                               | -                        | -                                 | -                    | 34,200                 | 34,200       | -                 | 34,200             |
| Other investment                                  | 10,177,023               | -                                 | -                    | -                      | 10,177,023   | -                 | 10,177,023         |
| Total assets                                      | 38,243,393               | 167,901,662                       | 163,631,479          | 7,810,995              | 377,587,529  | -                 | 377,587,529        |
| <b>Liabilities</b>                                |                          |                                   |                      |                        |              |                   |                    |
| Segment liabilities                               | 183,626                  | 44,574,248                        | 5,999,016            | 139,784                | 50,896,674   | -                 | 50,896,674         |
| Current tax liabilities                           | 297,225                  | 6,081,878                         | -                    | -                      | 6,379,103    | -                 | 6,379,103          |
| Deferred tax liabilities                          | -                        | 614,500                           | 3,102,490            | 318,848                | 4,035,838    | -                 | 4,035,838          |
| Total liabilities                                 | 480,851                  | 51,270,626                        | 9,101,506            | 458,632                | 61,311,615   | -                 | 61,311,615         |
| <b>Other segment information</b>                  |                          |                                   |                      |                        |              |                   |                    |
| Capital expenditure                               | 3,049                    | 5,696,934                         | 32,001,334           | -                      | 37,701,317   | -                 | 37,701,317         |
| Depreciation of property, plant and equipment     | 305                      | 1,323,154                         | 4,430,680            | 132,782                | 5,886,921    | -                 | 5,886,921          |
| Property, plant and equipment written off         | -                        | -                                 | 1,980                | -                      | 1,980        | -                 | 1,980              |
| Loss on disposal of property, plant and equipment | -                        | -                                 | 187                  | -                      | 187          | -                 | 187                |

The directors are of the opinion that all inter-segment transactions have been entered into normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 32 SIGNIFICANT EVENTS

- (a) On 12 November 2007, the Group entered into a sale and purchase agreement to acquire a piece of freehold land for a total purchase price of RM2,358,090.
- (b) On 8 January 2008, the Company applied for the listing of and quotation for the entire enlarged issued and paid up share capital of the Company of RM176,000,000 comprising 352,000,000 ordinary share of RM0.50 each on the Main Board of Bursa Malaysia Securities Berhad which involved the following:-
- (i) Acquisition of:-
- entire issued and paid-up ordinary share capital of Dayang Enterprise Sdn Bhd comprising 2,600,000 ordinary shares of RM1.00 each for a purchase consideration of RM62,503,443 satisfied by the issuance of 125,006,621 new ordinary shares of RM0.50 each in the Company and credited as fully paid up;
  - entire issued and paid-up ordinary share capital of DESB Marine Services Sdn Bhd comprising 11,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM55,871,579 satisfied by the issuance of 111,742,922 new ordinary shares of RM0.50 each in the Company and credited as fully paid up; and
  - entire issued and paid-up ordinary share capital of Fortune Triumph Sdn Bhd comprising 20,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,538,237 satisfied by the issuance of 9,076,455 new ordinary shares of RM0.50 each in the Company and credited as fully paid up.
- (The above transactions are collectively referred to as "Acquisitions")
- (ii) Renounceable rights issue of 20,300,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per new ordinary share. ("Rights Issue")
- (iii) Public issue of 85,874,000 new ordinary shares of RM0.50 each at an issue price of RM1.45 per ordinary share. ("Public Issue")
- (The above transactions are collectively referred to as "Flotation Exercise")
- (c) On 30 January 2008, the Flotation Exercise was approved by the Securities Commission.
- (d) On 18 February 2008, the Company increased its authorised share capital from RM100,000 divided into 200,000 ordinary shares of RM0.50 each to RM500,000,000 divided into 1,000,000,000 ordinary shares of RM0.50 each by way of creation of 999,800,000 ordinary shares of RM0.50 each.
- (e) On 29 February 2008, the Acquisitions and the Rights Issue were completed.
- (f) On 31 March 2009, the Company issued a Prospectus to the public for invitation to subscribe for the ordinary shares offered to the public.
- (g) On 17 April 2008, the Company issued 85,874,000 ordinary shares of RM0.50 each pursuant to the Public Issue to eligible Directors and employees, to selected investors by way of private placements and to the public.
- (h) On 24 April 2008, the entire enlarged issued and paid-up share capital of the Company forthwith the completion of the Acquisitions, the Rights Issue and the Public Issue comprising 352,000,000 ordinary shares of RM0.50 each was listed on the Main Board of Bursa Malaysia Securities Berhad.

### 33. CONTINGENT ASSET - UNSECURED

The Group has instituted legal action against one of its clients for unlawful terminations of a contract and accordingly, are seeking damages in the sum of RM10,160,445 together with interest thereon. The respondents have, through their solicitors, offered a sum of RM700,000 as final settlement of all claims. The said offer has been rejected by the Group. At the date of this report, the outcome of the legal proceedings is still pending.

# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 34. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Policies

The Group is exposed to a variety of risk in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

##### i) Foreign Exchange Risk

The Group is exposed to foreign exchange risk as a result of its normal trade activities when the currency denomination differs from its functional currency. Foreign exchange exposures in transactional currencies other than its functional currency are kept to an acceptable level.

##### ii) Interest Rate Risk

The Group's interest rate risk relates to interest bearing financial assets and liabilities such as cash deposits with licensed banks, investment in principal guaranteed unit trust fund, bank overdraft and hire purchase payables. The Group's policy is to obtain the most favourable interest rates available.

##### iii) Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Company has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at 31 December 2008, approximately 98% of the Group's trade receivables were due from two major customers.

##### iv) Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met.

#### (b) Fair values

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:-

##### i) Other Non-current Investment

The carrying amount of investment in principal guaranteed unit trust fund approximate fair value as the principal amount is guaranteed by the issuer.

##### ii) Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents approximate fair values due to the relatively short term maturities of these financial assets and liability.

##### iii) Trade and Other Receivables and Payables

The carrying amounts of trade receivables and payables are subject to normal trade credit terms which approximate fair values. The carrying amounts of other receivables and payables are reasonable estimates of fair values because of their short maturities.

##### iv) Hire Purchase Payables

The fair value of hire purchase payable is estimated using discounted cash flow analysis, based on current lending rates for similar type of borrowing arrangement.



# NOTES TO THE FINANCIAL STATEMENTS

## - 31 DECEMBER 2008

### 34. FINANCIAL INSTRUMENTS (Continued)

|                              | Group<br>Carrying<br>Amount<br>RM | Fair<br>Value<br>RM |
|------------------------------|-----------------------------------|---------------------|
| <b>2008</b>                  |                                   |                     |
| <b>Hire purchase payable</b> | 147,810                           | 146,998             |

The carrying amounts of financial assets and liabilities recognised in the balance sheet of the Group approximate to their fair values except as follows:

The nominal/notional amounts and fair values of financial instruments not recognised in the balance sheets are as follows:-

|                         | Group<br>Carrying<br>Amount<br>RM | Fair<br>Value<br>RM |
|-------------------------|-----------------------------------|---------------------|
| <b>2008</b>             |                                   |                     |
| <b>Contingent asset</b> | 10,160,445                        | #                   |

# It is not practical to estimate the fair value of the contingent assets reliably due to uncertainties of timing, costs and eventual outcome.

### 35. CHANGE OF YEAR END

The Company changed its financial year end from 30 September to 31 December to coincide with the financial year end of a major shareholder of the Company. The Comparative figures of the Company's income statement, statement of changes in equity, cash flow statement and the related notes which related to previous 12 months ended 30 September 2007 are not entirely comparable to that of the current fifteen (15) months ended 31 December 2008.

# ANALYSIS OF SHAREHOLDERS AS AT 15 APRIL 2009

|                                  |   |                                |
|----------------------------------|---|--------------------------------|
| Authorised Share Capital         | : | RM500,000,000                  |
| Issued and Fully Paid-Up Capital | : | RM176,000,000                  |
| Class of Shares                  | : | Ordinary Shares of RM0.50 each |
| Voting Rights                    | : | One vote per ordinary share    |

## 1. DISTRIBUTION OF SHAREHOLDERS

| Size of Holdings     | No of Holders | %             | No of Shares       | %             |
|----------------------|---------------|---------------|--------------------|---------------|
| 1 – 99               | 2             | 0.07          | 100                | 0             |
| 100 – 1,000          | 429           | 15.79         | 398,300            | 0.11          |
| 1,001 – 10,000       | 1,649         | 60.67         | 9,151,000          | 2.60          |
| 10,001 – 100,000     | 482           | 17.73         | 15,105,900         | 4.29          |
| 100,001 – 17,599,999 | 152           | 5.59          | 62,413,700         | 17.73         |
| 17,600,000 and above | 4             | 0.15          | 264,931,000        | 75.27         |
| <b>TOTAL</b>         | <b>2,718</b>  | <b>100.00</b> | <b>352,000,000</b> | <b>100.00</b> |

## 2. DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Dayang Enterprise Holdings Bhd based on the Register of Directors' Shareholdings are as follows:-

| No   | Direct     | No. of Ordinary shares held |                            | %     |
|--|------------|-----------------------------|----------------------------|-------|
|  |            | %                           | Indirect                   |       |
| 1. Tengku Yusof Bin Tengku Ahmad Shahrudin | 48,048,448 | 13.65                       | -                          | -     |
| 2. Ling Suk Kiong                          | 35,136,092 | 9.98                        | -                          | -     |
| 3. Joe Ling Siew Loung @ Lin Shou Long     | 1,100,000  | 0.31                        | -                          | -     |
| 4. Datuk Hasmi Bin Hasnan                  | 410,000    | 0.12                        | 126,686,700 <sup>(1)</sup> | 35.99 |
| 5. Dr Sharifuddin Bin Abdul Wahab          | 210,000    | 0.06                        | -                          | -     |
| 6. Harry Bin Bujang                        | 140,000    | 0.04                        | 55,059,760 <sup>(2)</sup>  | 15.64 |
| 7. YB Chia Chu Fatt                        | 135,000    | 0.04                        | -                          | -     |
| 8. Gordon Kab@ Gudan Bin Kab               | 115,000    | 0.03                        | -                          | -     |
| 9. Abdul Aziz Bin Ishak                    | 115,000    | 0.03                        | -                          | -     |
| 10. Polit Bin Hamzah                       | 115,000    | 0.03                        | -                          | -     |

Notes:

- (1) Deemed interest through Naim Holdings Berhad.
- (2) Deemed interest through Vogue Empire Sdn Bhd.

# ANALYSIS OF SHAREHOLDERS AS AT 15 APRIL 2009

## 3. LIST OF SUBSTANTIAL SHAREHOLDERS

The list of Substantial Shareholders of Dayang Enterprise Holdings Bhd based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows :-

| No | Direct                                  | No. of Ordinary shares held |          | % |   |
|----|---|-----------------------------|----------|---|---|
|    |   | %                           | Indirect |   |   |
| 1. | Naim Holdings Bhd                       | 126,686,700                 | 35.99    | 0 | 0 |
| 2. | Vogue Empire Sdn Bhd                    | 55,059,760                  | 15.64    | 0 | 0 |
| 3. | Tengku Yusof Bin Tengku Ahmad Shahrudin | 48,048,448                  | 13.65    | 0 | 0 |
| 4. | Ling Suk Kiong                          | 35,136,092                  | 9.98     | 0 | 0 |

## 4. LIST OF TOP THIRTY SHAREHOLDERS

| No  | Names  | Shareholdings | %     |
|-----|--|---------------|-------|
| 1.  | Naim Holdings Berhad   | 126,686,700   | 35.99 |
| 2.  | Vogue Empire Sdn Bhd   | 55,059,760    | 15.64 |
| 3.  | Tengku Yusof Bin Tengku Ahmad Shahrudin  | 48,048,448    | 13.65 |
| 4.  | Ling Suk Kiong   | 35,136,092    | 9.98  |
| 5.  | Lembaga Tabung Haji  | 5,974,800     | 1.70  |
| 6.  | Burhanuddin Bin Md Radzi   | 5,000,000     | 1.42  |
| 7.  | Choo Kong Chin   | 2,642,000     | 0.75  |
| 8.  | Hasnul Hamidi Bin Harun  | 2,221,000     | 0.63  |
| 9.  | Cheng Ah Teck@ Cheng Yik Lai   | 2,070,000     | 0.59  |
| 10. | Junaina Binti Ahmad Tbarani  | 1,930,000     | 0.55  |
| 11. | Tee Soon Ming  | 1,707,000     | 0.48  |
| 12. | Gan Choo Huat  | 1,435,000     | 0.41  |
| 13. | OSK Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account for Ng Ghim Ann               | 1,275,000     | 0.36  |
| 14. | Joe Ling Siew Loung @ Lin Shou Long  | 1,100,000     | 0.31  |
| 15. | Mayban Nominees (Tempatan) Sdn Bhd<br>Exempt An For Mayban Management Sdn Bhd                  | 1,000,000     | 0.28  |
| 16. | Bujang Bin Ahmad Zaidi   | 805,000       | 0.23  |
| 17. | Freddie Chew Siew Kim  | 738,500       | 0.21  |
| 18. | Wong Tiing Kui   | 722,000       | 0.21  |
| 19. | OSK Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account for Chua Eng Lim              | 700,000       | 0.20  |
| 20. | CIMSEC Nominees (Tempatan) Sdn Berhad<br>CIMB for Lim Poh Ean (PB)                             | 700,000       | 0.20  |
| 21. | OSK Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account For<br>Kathleen Ho Chai Ling  | 700,000       | 0.20  |
| 22. | Bailey Kho Chung Siang   | 698,000       | 0.20  |
| 23. | Sim Song Chuan   | 694,000       | 0.20  |
| 24. | Kenanga Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account for Kho Yok Chong         | 605,000       | 0.17  |
| 25. | Ling Hien Lik  | 604,000       | 0.17  |
| 26. | Lawrence Yeo Chua Poh  | 570,000       | 0.16  |
| 27. | Yong Nyan Ted  | 500,000       | 0.14  |
| 28. | Lembaga Amanah Kebajikan Masjid<br>Negeri Sarawak  | 500,000       | 0.14  |
| 29. | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (Malaysia) Trustee Berhad For<br>Amanah Saham Sarawak | 500,000       | 0.14  |
| 30. | Lembaga Kemajuan Bintulu   | 500,000       | 0.14  |
|     |  | 300,822,300   | 85.46 |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 3rd Annual General Meeting of the Company will be held at Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 27th May 2009 at 11.30a.m to transact the following purposes:-

## AGENDA

### ORDINARY BUSINESS

1. **Adoption of Audited Financial Statements**  
To receive and adopt the Report of the Directors and the Audited Accounts for the financial period ended 31st December 2008 together with the Report of the Auditors thereon. **Ordinary Resolution 1**
2. **Approval of Directors' Fees**  
To approve Directors' Fees in respect of the financial period ended 31st December 2008. **Ordinary Resolution 2**
3. **Re-Election of Directors**  
In accordance with Article 86(a) of the Company's Articles of Association, the following Directors retire by rotation from the Board and being eligible, offer themselves for re-election.  
  
Datuk Hasmi Bin Hasnan **Ordinary Resolution 3**  
Harry Bin Bujang **Ordinary Resolution 4**  
Joe Ling Siew Loung @ Lin Shou Long **Ordinary Resolution 5**
4. **Appointment of Auditors**  
To appoint Auditors and to authorize the Directors to fix their remuneration.  
  
Notice of Nomination pursuant to Section 172 (II) of the Companies Act 1965, a copy of which is attached hereto marked as Appendix 1, has been received by the Company for the nomination of Messrs KPMG, who has given their consent to act, for appointment as Auditors of the Company and to propose the following Ordinary Resolution:  
  
"THAT Messrs. KPMG be and is hereby appointed as Auditors of the Company in place of retiring Auditors, Messrs Moore Stephens and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."  
**Ordinary Resolution 6**

### SPECIAL BUSINESSES

To consider and to pass, if thought fit, the following as Ordinary Resolution:

5. **Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature**  
"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPT of a Revenue or Trading Nature as set out in Section 2.4 of the Circular to Shareholders dated 5 May 2009 with the specific related parties mentioned therein which are necessary for the Group's day to day operations, subject to the following:
  - (a) That the RRPT of a revenue or trading nature entered into are in the ordinary course of business, they are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
  - (b) That the proposals are subject to annual renewal and that such approval shall continue to be in force until:-
    1. The conclusion of the next Annual General Meeting ("AGM") of the Company;
    2. The expiration of the period within the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or
    3. Revoked or varied by resolution passed by the shareholders in general meeting;whichever is the earlier;
  - (c) AND THAT the Directors of the Company be authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the RRPTs contemplated and/or authorized by this Ordinary Resolution."  
**Ordinary Resolution 7**

# Notice of Annual General Meeting

## 6. Proposed Renewal of Authority To Purchase Own Shares

"THAT, subject always to the Companies Act 1965, and all applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby authorized to purchase such amount of ordinary shares of RM0.50 each in the Company as determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interests of the Company provided THAT :-

- (1) The aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company;
- (2) The amount of fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and share premium account of the Company. As of 31 December 2008, the audited retained profits and share premium account of the Company were RM1.78 million and RM87.07 million respectively.
- (3) The Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or distribute them as dividends and/or resell them on the market of Bursa Malaysia and/or subsequently cancel all or part of them

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps as are necessary or expedient to implement and finalize and give full effect to the Proposed Share Buy-Back.

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a General Meeting."

### Ordinary Resolution 8

## 7. Authority to Issue Shares pursuant to Section 132D of the Companies Act 1965

"THAT pursuant to Section 132D of the Companies Act 1965 ("the Act") and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

### Ordinary Resolution 9

## 8. To transact any other ordinary business that may be transacted at an Annual General Meeting, of which due notice shall have been given.

BY ORDER OF THE BOARD  
BONG SIU LIAN (MAICSA 702221)  
BAILEY KHO CHUNG SIANG (LS000578)  
Company Secretaries

Miri, Sarawak  
Dated this 5 May 2009

### Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
6. Please take note that interested directors, interested major shareholders or interested persons connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate.

# Notice of Annual General Meeting

## Explanatory Notes on Special Businesses

- (a) Ordinary resolution 7 – Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for RRPT of a Revenue or Trading Nature collectively referred to as " The Proposals"

These proposals, if passed, will empower the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties for a period from this Annual General Meeting till the next Annual General Meeting.

- (b) Ordinary resolution 8 – Proposed Renewal of Authority to Purchase Own Shares  
This proposed ordinary resolution, if passed, will empower the Directors of the Company to purchase up to ten percent (10%) of the total issued and paid-up share capital of the Company from the date of this Annual General Meeting. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.
- (c) Ordinary resolution 9 – Authority to Issue Shares pursuant to Section 132D of the Companies Act 1965  
This ordinary resolution, if passed, will empower the Directors of the Company from the date of this Annual General Meeting, authority to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate of ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General Meeting of the Company.

## Statement accompanying Notice of Annual General Meeting Directors Standing for Re-election

- (a) The Directors who are standing for re-election at the 3rd Annual General Meeting of the Company are as follows:-  
Datuk Hasmi Bin Hasnan  
Harry Bin Bujang  
Joe Ling Siew Loung @ Lin Shou Long
- (b) Further details of the above named Directors are available on pages 6 to 9 and their securities holdings on page 56 of the Annual Report.

# Notice of Annual General Meeting

Appendix 1

Ling Suk Kiong  
Lot 686, Lorong 2, Pujut 3,  
98000 Miri,  
Sarawak.

The Board of Directors  
Dayang Enterprise Holdings Bhd  
Lot 868, 1st Floor, Jalan Permaisuri,  
98000 Miri,  
Sarawak.

26th April 2009

Dear Sir,

RE: CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act 1965, I, Ling Suk Kiong (NRIC No: 460404-13-5129) being the registered shareholder of the Company, hereby give notice of my intention to nominate Messrs. KPMG (A.F. 0758) for the appointment of auditors of the company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company to replace the retiring auditors, Messrs. Moore Stephens (A.F. 0282).

"That Messrs KPMG (A.F. 0758) be and is hereby appointed auditors of the Company in place of the retiring auditors, Messrs. Moore Stephens (A.F. 0282), and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

.....  
Ling Suk Kiong

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## DAYANG ENTERPRISE HOLDINGS BHD

(Company No. 712243-U)  
(Incorporated in Malaysia)

|                                       |                    |
|---------------------------------------|--------------------|
| CDS account no. of authorized nominee | No. of shares held |
|                                       |                    |

### FORM OF PROXY

I/We .....  
IC No/ID No/Company no.....  
of ..... being a  
member of/members of the abovenamed Company hereby appoint \*the Chairman of the Meeting or .....  
..... of ..... or failing him,  
.....of .....  
as my/our proxy/proxies to vote for me/us on my/our behalf at the 3rd Annual General Meeting of the Company to be held at Imperial Hotel, Jalan  
Pos, 98000 Miri, Sarawak on Wednesday, 27 May 2009 at 11.30 a.m. or any adjournment thereof, in the manner indicated below:-

| Resolutions           |  | FOR | AGAINST |
|-----------------------|--|-----|---------|
| Ordinary Resolution 1 | Adoption of the Audited Financial Statements and Reports thereto   |     |         |
| Ordinary Resolution 2 | Approval of Directors' Fees  |     |         |
| Ordinary Resolution 3 | Re-election of Director: Datuk Hasmi Bin Hasnan  |     |         |
| Ordinary Resolution 4 | Re-election of Director: Encik Harry Bin Bujang  |     |         |
| Ordinary Resolution 5 | Re-election of Director: Mr Joe Ling Siew Loung @ Lin Shou Long  |     |         |
| Ordinary Resolution 6 | Appointment of Auditors : Messrs KPMG  |     |         |
| Ordinary Resolution 7 | Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature |     |         |
| Ordinary Resolution 8 | Proposed Renewal of authority to purchase own shares   |     |         |
| Ordinary Resolution 9 | Authority to Issue Shares pursuant to Section 132D of the Companies Act 1965   |     |         |

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Dated this ..... day of ..... 2009

.....  
Signature of Shareholder(s)/Common Seal

#### Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at Lot 868, 1st Floor, Jalan Permaisuri, 98000 Miri, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Please take note that interested directors, interested major shareholders or interested persons connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate.

FOLD THIS FLAP FOR SEALING

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FOLD HERE

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Affix  
stamp

The Company Secretary  
**Dayang Enterprise Holdings Bhd**  
Lot 868, 1st Floor Jalan Permaisuri  
98000 Miri  
Sarawak

FOLD HERE

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