



DAYANG ENTERPRISE HOLDINGS BHD
(712243-U)

*Focus
towards
Excellence*



Annual
Report
2015



Cautionary Statement Regarding Forward - Looking Statements

This 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 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.



Annual Report **2015**

Focus towards Excellence

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2015 At a Glance Financial Performance

Revenue (RM'000)	778,577
Profit Before Tax (RM'000)	203,440
Net Profit (RM'000)	170,677
Total Assets (RM'000)	3,300,832
Shareholders' Equity (RM'000)	1,196,634
Earnings Per Share (Sen)	19.62
NTA per share (Sen)	136.43
Return On Equity (%)	14.26
Gross Dividend (Sen)	3.50
Gross Dividend Yield (%)	2.50

Corporate Information

BOARD OF DIRECTOR'S

Ali Bin Adai
Datuk Ling Suk Kiong
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin
Joe Ling Siew Loung @ Lin Shou Long
Jeanita Anak Gamang
Wong Ping Eng
Gordon Kab @ Gudan Bin Kab
Chia Chu Fatt
Polit Bin Hamzah
Tuan Haji Abdul Aziz Bin Ishak
Koh Ek Chong
Azlan Shah Bin Jaffril
Datuk Hasmi Bin Hasnan (resigned on 23.12.15)

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

REGISTERED OFFICE AND HEAD OFFICE

Sublot 5 – 10, Lot 46, Block 10,
Jalan Taman Raja, MCLD,
98000 Miri Sarawak,
Malaysia.

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.
Tel : 603-27839299
Fax : 603-27839222

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank Berhad
RHB Bank Berhad

INCORPORATION

10 October 2005
Under the Companies Act 1965

COMPANY SECRETARIES

Bailey Kho Chung Siang (LS0000578)
Bong Siu Lian (MAISCA 7002221)

LEGAL ADVISORS

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

AUDITORS

KPMG (Firm No AF0758)
Chartered Accountants
Level 6, Westmoore House
Twin Tower Centre, Rock Road
93200 Kuching, Sarawak, Malaysia

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Listed on 24 April 2008
Stock Code : 5141
Stock Name : Dayang

GROUP OPERATION

Head Office
Branch Office
Shell HUC Project Team Office
Miri Warehouse
Labuan Warehouse
Labuan Fabrication Yard 1
Labuan Fabrication Yard 2
Labuan Yard 3
Administrative/Logistic office
Bintulu Warehouse/Fabrication Yard
DESB Kemaman Yard
Telong Kalong Yard

LOCATION OF FACILITY

Sublot 5 – 10, Lot 46, Block 10, Jalan Taman Raja, MCLD, 98000 Miri, Sarawak, Malaysia.
Unit 2-16-01, Tower 2, VSQ @ PJCC, Jalan Utara, 46200 Petaling Jaya, Selangor, Malaysia.
Lot 1785, Block 5, MCLD, Jalan Persatuan, Lorong 9, Krokop, 98000 Miri, Sarawak, Malaysia.
Lot 1973, Jalan Maigold, Desa Senadin Industrial Park, P.O Box 2033, 98008 Miri, Sarawak.
Lot No. CL2053118752, Kg Ranca Ranca, District of Labuan, 87000 Labuan Federal Territory, Malaysia.
Lot 3, CL205384407, Off Jalan Patau Patau, 87000 Labuan Federal Territory, Malaysia.
Lot CL 10599, Jalan Ranca-Ranca, Ranca Ranca Industrial Estate, 87000 Labuan Federal Territory, Malaysia.
BDN0621, Kg. Bedaun, 87000 Federal Territory of Labuan, Malaysia.
Lot C8, Block C, 1st Floor, Cyber Square, Lorong Cyber Square, Jalan Kepayan, 88250 Kota Kinabalu, Sabah.
Lot 3061, Block 26, Kidurong Light Estate, Kemena Land District, 97000 Bintulu, Sarawak, Malaysia.
04 – 01, KSB Phase 1, Kemaman Supply Base, 24007 Kemaman, Terengganu Darul Iman, Malaysia.
PT 8229, Kawasan Perindustrian Telok Kalong, 24000 Kemaman, Terengganu Darul Iman, Malaysia.

Corporate Structure



Dayang Enterprise Holdings Bhd ("DEHB")

100%

Dayang Enterprise Sdn Bhd (DESB)

- Offshore Topside Maintenance Services
- Minor Fabrication Operations
- Offshore Hook-up and Commissioning

100%

DESB MARINE SERVICES SDN BHD (DMSSB)

- Owner and Charter of Marine Vessels

100%

FORTUNE TRIUMPH SDN BHD (FTSB)

- Provision of Rental Equipment

98.01%

PERDANA PETROLEUM BERHAD

- Owner and Charter of Marine Vessels

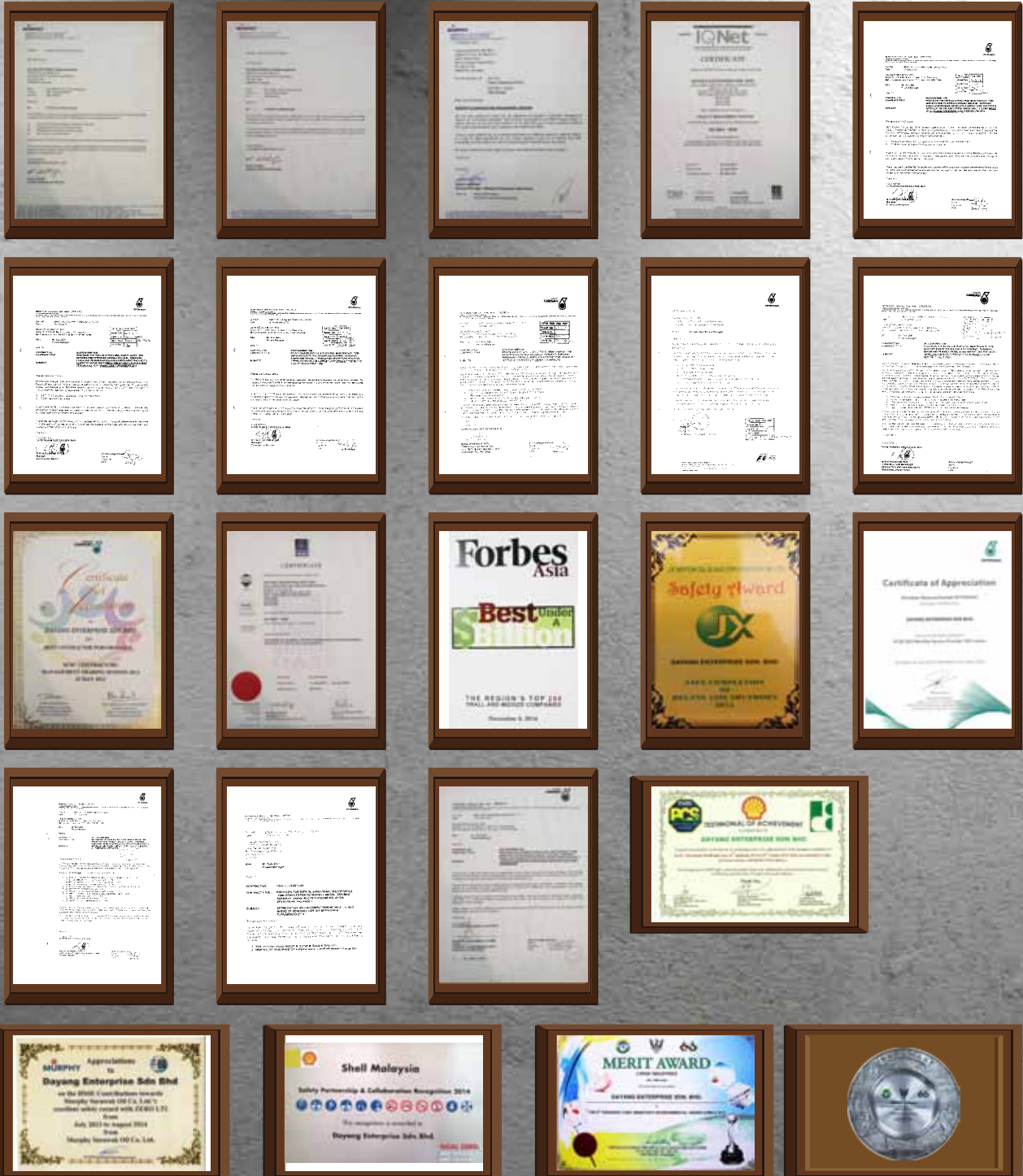
Corporate Key Achievements / Milestones / Awards 2011-2015

YEAR	TYPE OF AWARD	AWARDED BY	DESCRIPTION
2015	Award	JX Nippon Oil & Gas Exploration (M) Ltd	Safe Completion of Helang 15S2 Shutdown 2015
2015	Certificate of Appreciation	Petroleum Nasional Berhad (PETRONAS)	Appreciation of actively participated in PCSB SKO Monthly Service Provider HSE Liaison for Year 2015
2015	Recognition Award	Shell Malaysia	Recognition for Safety Partnership & Collaboration for 2014.
2014	Award	Forbes Asia	Best Under a Billion, The Region's Top 200 Small & Midsize Companies.
2014	Award	Natural Resources & Environment Board, Sarawak	Merit Award, Large Industries (Oil & Gas), the 6th Sarawak Chief Minister Environmental Awards.
2014	Letter of Appreciation	Petronas Carigali	Appreciation for good performance on job completion without LTI and ahead of schedule for D35 September Turnaround 2014.
2014	Letter of Appreciation	Petronas Carigali	Appreciation for good performance on job completion without LTI for Betty October Turnaround 2014.
2014	Letter of Appreciation	Petronas Carigali	Appreciation for good performance on job completion without LTI for Bokor August Turnaround 2014.
2014	Letter of Appreciation	Petronas Carigali	Appreciation for good performance on job completion without LTI and ahead of schedule for Temana June Turnaround 2014.
2014	Letter of Appreciation	Petronas Carigali	Appreciation for good performance on job completion without LTI and ahead of schedule for Baram June Turnaround 2014.
2014	Certificate	Murphy Sarawak Oil Co. Ltd	Appreciation on HSSE contributions towards Murphy Sarawak Oil Co. Ltd's excellent safety record with zero LTI from July 2013 to August 2014.
2014	Appreciation	Sarawak Shell Berhad	Appreciation for outstanding work in the implementation of the emergency rectification of B11 Vent Header Rectification.

Corporate Key Achievements / Milestones / Awards 2011-2015 (cont'd)

YEAR	TYPE OF AWARD	AWARDED BY	DESCRIPTION
2014	Letter of Appreciation	Jabatan Keselamatan dan Kesihatan Wilayah Persekutuan Labuan	Appreciation for Implementation of program code of practice on the prevention and management of HIV / AIDS in the workplace-2001 and code of practice on the prevention and eradication of drug abuse, alcohol and substance abuse in the workplace-2005.
2013	Letter of Appreciation	Petronas Carigali	Appreciation note for the safe and successful Temana 2013 October Turnaround Execution.
2013	Letter of Appreciation	Petronas Carigali	Appreciation note for Southern Turnaround on September 13 (P1 Closure).
2013	Letter of Appreciation	Petronas Carigali	Appericiation note for Temana Turnaround.
2012	Appreciation	Murphy Oil & Gas	MURPHY'S Contractor Engagement Session.
2012	Certification	Petronas Carigali	Certification of Appreciation Dayang Enterprise SDN BHD for best Contractor Performance SCM-Contractors Management Sharing session 2012.
2012	Appreciation	Murphy Sarawak Oil Co. Ltd	Appreciate note for March 2012 KIKEH SPAR Shutdown.
2011	Appreciation	Petronas Carigali	Appreciation note for safe Northern and Southern turnaround.
2011	Appreciation	Murphy Sarawak Oil Co. Ltd	Appreciation for the support DESB on the DIVERTER valves change out.
2011	Certification	IQNET And SIRIM QAS International	Implemented and maintains a Quality management system which fulfils the requirement of the following standards ISO 9001:2008 for the following activities provisions of general topside construction and maintenance services to the oil and gas industry.
2011	Certification	SIRIM QAS International	Implemented a Quality Management System complying with ISO 9001: 2008 Quality Management System requirement.

Corporate Key Achievements / Milestones / Awards 2011-2015 (cont'd)



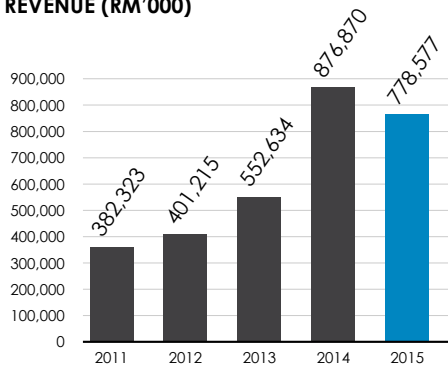
Notes : -

PMO = Peninsular Malaysia Operation
TRCF = Total recordable injury case frequency
LTI = Loss Time Injury
UAUC = Unsafe Act & Unsafe Condition

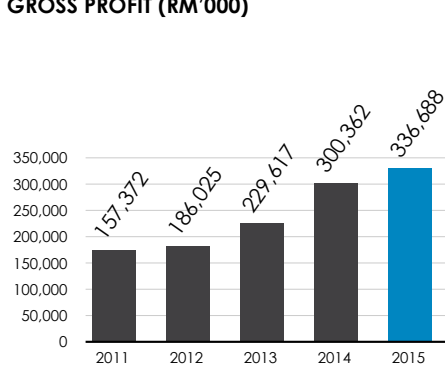
5 Years Financial Highlights

	2011	2012	2013	2014	2015
Revenue (RM'000)	382,323	401,215	552,634	876,870	778,577
Gross Profit (RM'000)	157,372	186,025	229,617	300,362	336,688
PBT (RM'000)	106,478	128,235	175,177	218,606	203,440
PAT (RM'000)	83,129	101,242	149,293	181,076	170,677
GP Margin	41.2%	46.4%	41.5%	34.3%	43.2%
PBT Margin	27.9%	32.0%	31.7%	24.8%	26.1%
ROE	15.9%	17.0%	22.4%	18.7%	14.3%

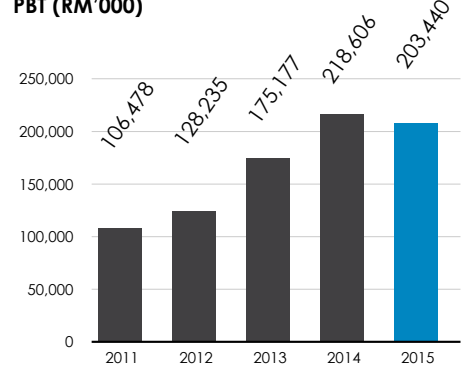
REVENUE (RM'000)



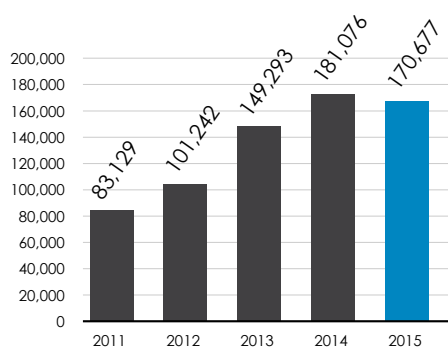
GROSS PROFIT (RM'000)



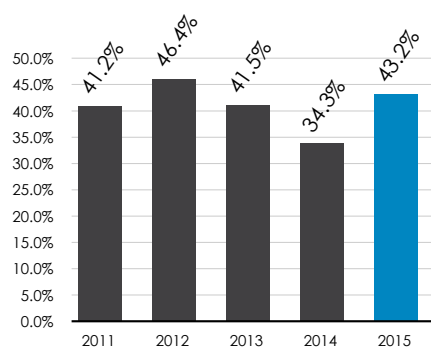
PBT (RM'000)



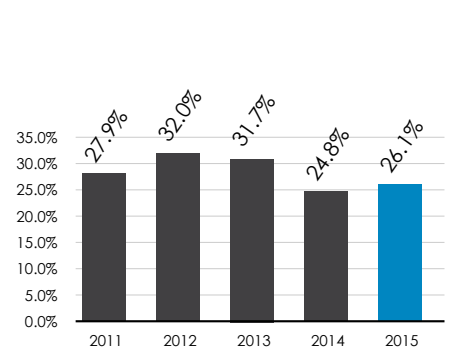
PAT (RM'000)



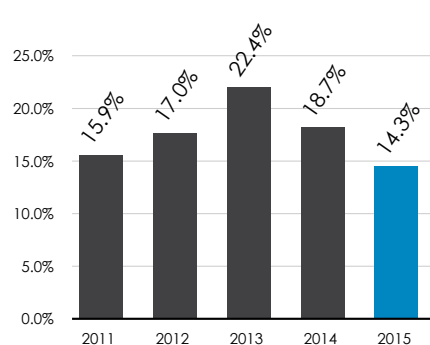
GP Margin (%)



PBT MARGIN (%)



ROE (RM'000)



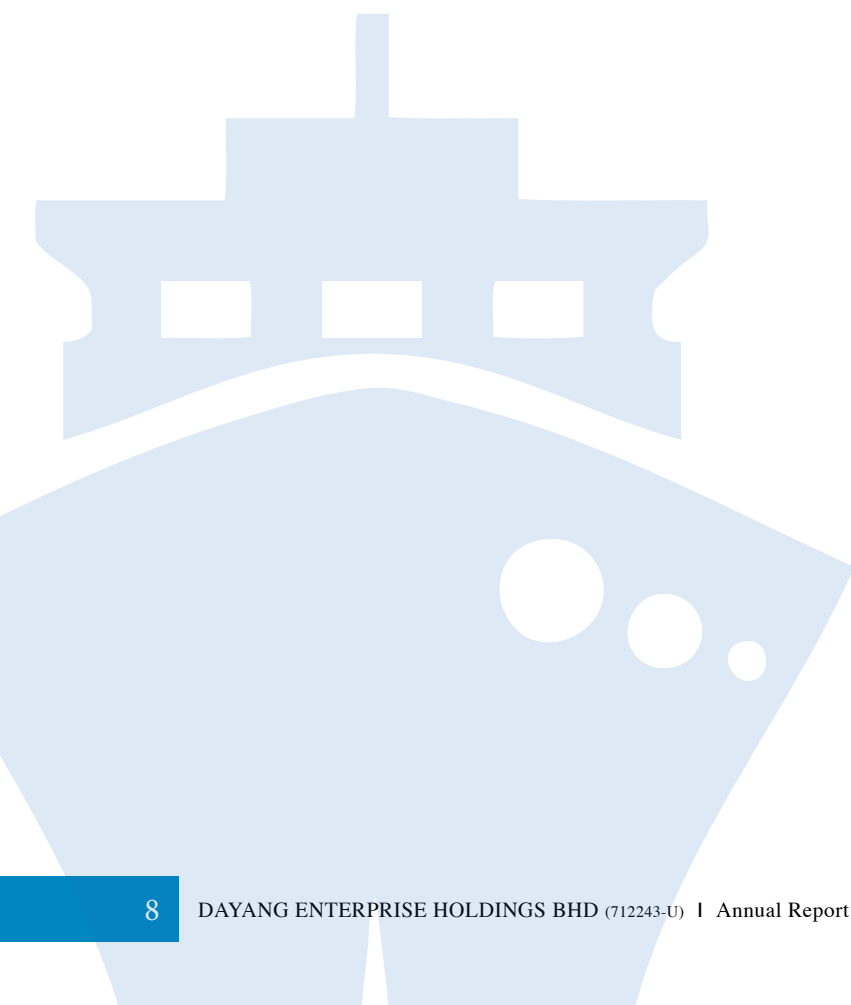
Financial Calendar

ANNOUNCEMENT OF RESULTS

FIRST QUARTER	25 May 2015
SECOND QUARTER	25 August 2015
THIRD QUARTER	27 November 2015
FOURTH QUARTER	29 February 2016

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTICE OF ANNUAL GENERAL MEETING	29 April 2016
10TH ANNUAL GENERAL MEETING	25 May 2016



Board of Directors



Ali Bin Adai

*Independent Non-Executive Chairman
Member – Audit Committee*

Ali Bin Adai, aged 60, was appointed Independent Non-Executive Director of Dayang Enterprise Holdings Bhd on 3 March 2014 and he was appointed Chairman of the Board on 25 February 2016. He graduated with a Bachelor of Art degree from University of Guelph, Canada.

Encik Ali was employed with CIMB Bank Berhad as the Regional Director for East Malaysia (Sabah and Sarawak) until his retirement on 31 March 2013. He was responsible for managing 29 branches and for developing CIMB's Retail, Commercial and Enterprise Banking businesses in East Malaysia.

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



Datuk Ling Suk Kiong

*Executive Deputy Chairman
Member – Risk Management Committee*

Datuk Ling Suk Kiong, aged 70 is the founder of Dayang Group of Companies. He established Dayang Enterprise Sdn Bhd in 1980. He was appointed Executive Deputy Chairman of Dayang Enterprise Holdings Bhd on 29 February 2008. He has been instrumental in the growth and development of the Group. He brings with him more than thirty (30) years of experience in the Oil and Gas Industry and is mainly responsible for the overall strategic business direction of the Group.

Datuk Ling was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad on 12 December 2012 and on 24 August 2015, he assumed the position of Executive Chairman. He is also a director of S.K Ling & Sons Sdn Bhd, Jasa Oilfields Supply Sdn Bhd and Kunci Prima Sdn Bhd.

He was awarded the Sarawak State Entrepreneur Of The Year Award 2009 in Kuching representing the Sarawak Chinese Chamber of Commerce and Industry category. Datuk Ling was conferred the "Outstanding Entrepreneurship Award" for Outstanding and Exemplary Achievements in Entrepreneurship on 13 April 2014 at the Asia Pacific Entrepreneurship Awards 2014 held in Brunei Darussalam.

On 13th September 2014, Datuk Ling was conferred the award of Panglima Gemilang Bintang Kenyalang (P.G.B.K) which carries the title "DATUK" by Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak Tun Pehin Sri Haji Abdul Taib Mahmud in conjunction with His Excellency's 78th Birthday.

Board of Directors (cont'd)



Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin

Managing Director

*Chairman – Corporate Social Responsibility Committee
Member – Risk Management Committee*

Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin, aged 53, 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 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 Fortune Triumph 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 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 43, was appointed Deputy Managing Director of Dayang Enterprise Holdings Berhad on 29 February 2008. He graduated from University of Western Australia in 1993 with a Bachelor Degree in Engineering. 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 as a Project Engineer. In 2004, he was appointed Assistant to the General Manager. In 2008, he was promoted to the role of Deputy Managing Director. He is currently responsible for overseeing and monitoring the management and operations of Dayang Group.

Board of Directors (cont'd)



Jeanita anak Gamang

Executive Director

Jeanita Anak Gamang, aged 43, was appointed Non-Independent Executive Director of Dayang Enterprise Holdings Bhd on 5 January 2012. She obtained a Diploma in Electrical Engineering from Mara Institute of Technology, Shah Alam in 1995.

Ms Jeanita began her career in 1997 as a Trainee Engineer in Dayang Enterprise Sdn Bhd, a subsidiary of Dayang Enterprise Holdings Bhd. From 1999 onwards, she has held the position of Head of Administration responsible for all matters related to administrative and recruitment of office personnel. She was appointed as Director of Dayang Enterprise Sdn Bhd in 2006.



Wong Ping Eng

Non-Independent Non-Executive Director

Wong Ping Eng, aged 43, was appointed Non-Independent Non-Executive Director of Dayang Enterprise Holdings Bhd on 1 October 2013. She obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur. She is a Certified Accountant with the Malaysian Institute of Accountants and Association of Chartered Certified Accountants (ACCA).

Ms Wong has more than 15 years experience in the financial and accounting field. She started her career as Audit Assistant at KPMG, Kuching from September 1997 until December 2000. In 2004 she moved to Naim Holdings Berhad as Accountant. In July 2004 – 2008, she was appointed the Operations Manager for Naim's Bandar Baru Permyjaya project in Miri where she was responsible for managing the whole Miri Operations.

In July 2008, she was promoted as Vice President – Finance and Accounts to oversee the Group Finance and Accounts Division. She was subsequently promoted as Deputy Director- Finance & IT Division and in August 2012, she was promoted as Senior Director for Naim's Group Support Division comprising Finance & Accounts, Administration, Human Resource and Information Technology.

Ms Wong was appointed as an Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013, she was re-designated to Deputy Managing Director. She was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad on 11 September 2015.

Board of Directors (cont'd)



Gordon Kab @ Gudan Bin Kab

*Independent Non-Executive Director
Chairman – Risk Management Committee
Member – Corporate Social Responsibility Committee*

Gordon Kab @ Gudan Bin Kab, aged 60, was appointed Non-Independent Executive Director of Dayang Enterprise Holdings Bhd on 29 February 2008. He was re-designated as Non-Independent Non-Executive Director on 2 December 2013 and as Independent Non-Executive Director on 3 December 2015. He graduated from Loughborough University of Technology, England United Kingdom, with a B.Sc (Hon.) degree in Civil Engineering.

He has over thirty (30) 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 by 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.



Chia Chu Fatt

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

Chia Chu Fatt, aged 61, was appointed Independent Non-Executive Director of Dayang Enterprise Holdings Bhd on 29 February 2008. He 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, an Associate member of the Chartered Tax Institute of Malaysia and an Associate Member of the Institute of Internal Auditors Malaysia. He has over 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 a Board member of Sarawak Land Development Board. He was a Sarawak State Legislative Council Assemblyman from 2006 to April 2011 and was a Councillor of Miri Municipal Council from 1988 to 1999.

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

Board of Directors (cont'd)



Polit Bin Hamzah

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

Polit Bin Hamzah, aged 66, was appointed Independent Non-Executive Director of Dayang Enterprise Holdings Bhd 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 Sdn Bhd) 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 be 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 was re-designated as Independent Non-Executive Director to Executive Director of Sarawak Plantation Berhad on 20 December 2012 and was appointed the Group Managing Director on 1 May 2014. He is also a director of KUB Sepadu Sdn Bhd and Rajah Mutiara Sdn Bhd.



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 64, was appointed Independent Non-Executive Director of Dayang Enterprise Holdings Bhd 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 in 1999–2001, he was also the Senior General Manager for Fleet Management Division and Senior General Manager, LNG Shipping Business Division of MISC Berhad.

Board of Directors (cont'd)



Kho Ek Chong

Independent Non-Executive Director

Member – Audit Committee

Member – Joint Remuneration and Nomination Committee

Koh Ek Chong, aged 55, was appointed Independent Non-Executive Director of Dayang Enterprise Holdings Bhd on 2 December 2013. He is an accountant by profession. Mr Koh joined Hii King Hiong & Co, in 1985 and is now one of the practicing partners. He is a Fellow member of the Association of Chartered Certified Accountants (UK), a member of Malaysian Institute of Accountants, associate member of the Chartered Tax Institute of Malaysia and a certified member of the Financial Planner Association of Malaysia.

Mr Koh was a City Councilor of Miri City Council from 2004 to 2013. He was awarded "Ahli Bintang Sarawak" (ABS) in 2008 and "Darjah Utama Yang Amat Mulia Bintang Kenyalang Sarawak with the title "Pegawai Bintang Kenyalang (PBK)" on 12 September 2015 by the Tuan Yang Terutama Yang di-Pertua Negeri Sarawak. Mr Koh is an Ahli Kehormat of Ikatan Relawan Rakyat Malaysia with honorary title of LT KOLONEL (Kehormat) RELA. He also serves as the executive committee (EXCO) member in various non-governmental (NGO) associations and is appointed a member of the Special Committee by the Public Services Commission of Malaysia in January 2014.

He is an Independent Non-Executive Director of Shin Yang Shipping Corporation Berhad and he is a member of the Board of Directors of Miri Port Authority.



Azlan Shah Bin Jaffril

Independent Non-Executive Director

Azlan Shah Bin Jaffril, aged 45, was appointed Independent Non-Executive Director of Dayang Enterprise Holdings Bhd on 2 December 2013. He graduated in Accounting from University Institute Technology Mara.

Encik Azlan started his career as an Investment Analyst with Seraya Kinta Sdn Bhd from 1993 to 1995. He then joined Ayer Molek Berhad, a plantation based company from 1995 to 1997. He was the Chairman of Youth Chamber of Malaysia of the Malay Chamber of Commerce Malaysia from 2001 to 2003. He was also the Vice President of the Football Association of Selangor (FAS) from 2004 to 2006.

He is currently a director in various private limited companies in Malaysia.

Board of Directors (cont'd)

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

1. Family relationships with any director and major shareholders

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.

2. Nationality

All Directors of the Company are Malaysians.

3. Any conflict of interest with the Company or its subsidiaries

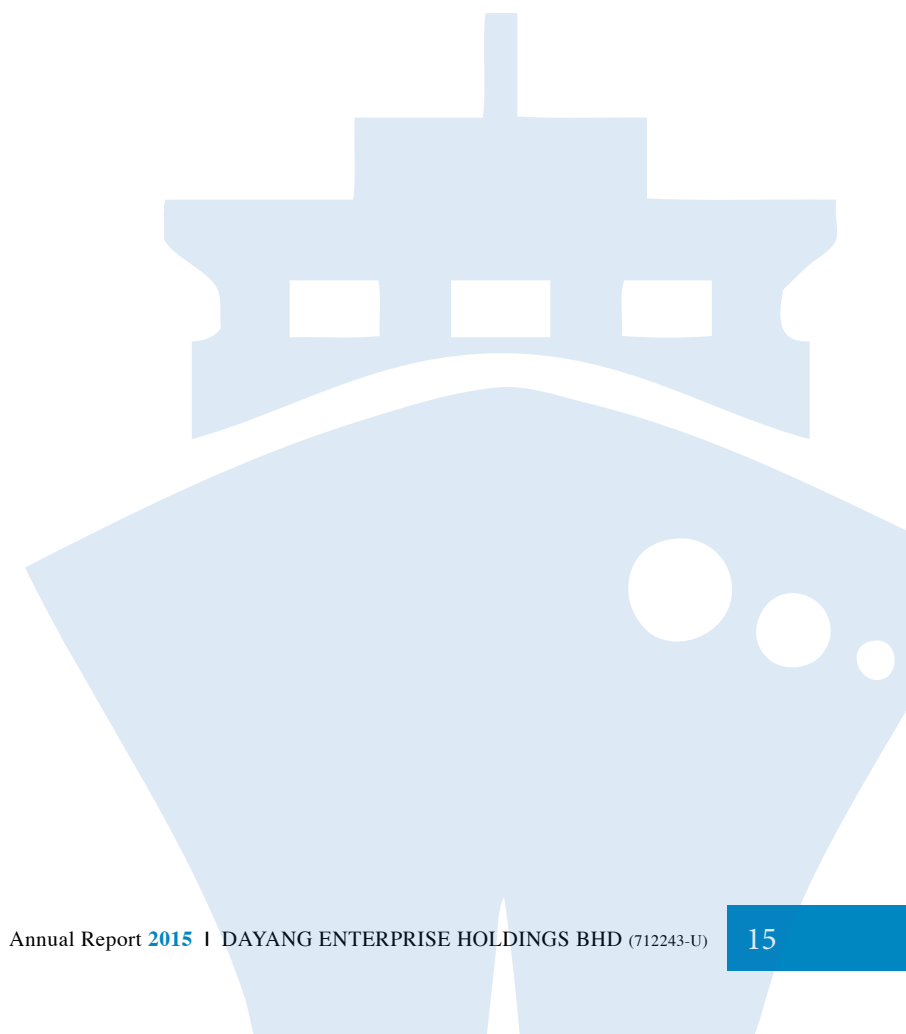
None of the Directors have any conflict of interest with the Company or its subsidiaries.

4. Convictions of offences (within the past 10 years, other than traffic offences)

None of the Directors have been convicted for any offences.

5. Attendance of Board Meetings

The details of Directors' Board Meetings during the financial year are set out in the Statement of Corporate Governance.



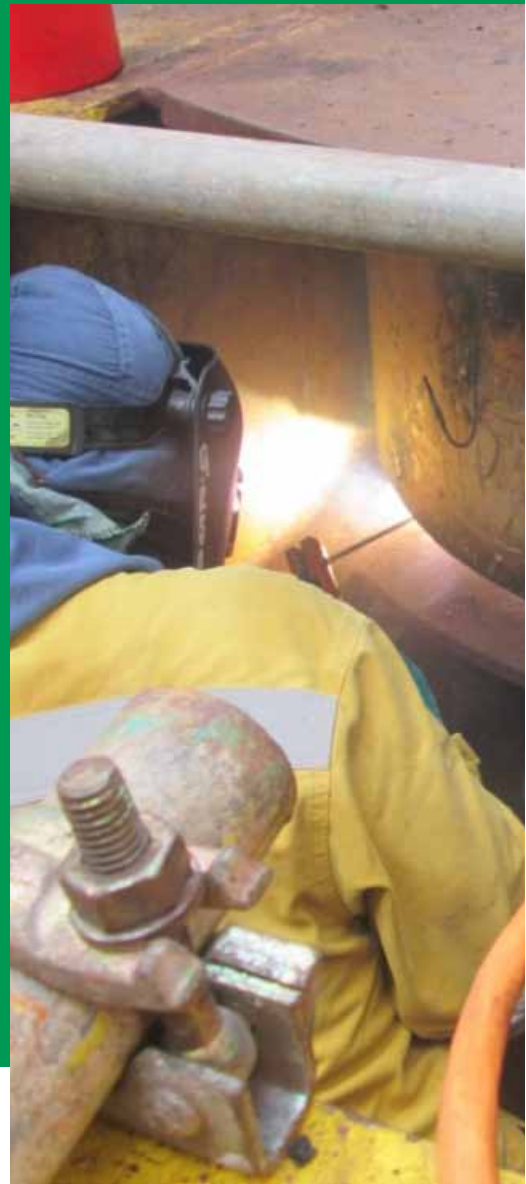


DAYANG TOPAZ

On behalf of the Board of Directors, it is with great pleasure that we present to you the Annual Report for Dayang Enterprise Holdings Berhad for the financial year ended 31 December 2015.

Dear Shareholders,

Despite the unrelenting decline of the crude oil price from a high of USD110 per barrel in 2014 to the current price of around USD33 per barrel, Dayang has continued to forge ahead in 2015, generating RM779mil of revenue and a respectable net profit after tax of RM170mil. Achieving this positive result during such a challenging year would not have been possible without the tireless effort of our dedicated employees and experienced management staff. The team will be asked to put in more effort in 2016 as we seek to become more cost efficient while delivering on our remaining RM3.8bil order book which should keep us busy beyond 2018. Backed by a healthy balance sheet in 2015, we decided to expand our long term marine vessel capabilities through the acquisition of our associate company, Perdana Petroleum Berhad. If present market conditions persist, Dayang's short term approach is to prioritise sustainability via prudent cash flow management while upholding our strong operational track record. Concurrently, the Group will also seek to lower costs and cautiously grasp at any suitable opportunities which could add to our long term execution capabilities.



Message to Our Shareholders

Message to Our Shareholders (cont'd)

Dayang has continued to forge ahead in 2015, generating RM779mil of revenue and a respectable net profit after tax of RM170mil.

RM **779mil**
revenue 2015

Market Conditions

The significant plunge in the oil price has no doubt sent a negative ripple effect throughout the entire industry. Not long after the downward trend started, Exploration & Production companies worldwide began slashing their budgets, leading to new projects being shelved and the renegotiation of existing contracts with suppliers and service providers. Though we are fortunate that our core business revolves around the Brownfield upstream O&G industry rather than the more heavily hit Greenfields sector, we have not been completely shielded from feeling the adverse effects of these cuts. Our primary client, Petronas, has recently indicated that they intend to reduce as much as RM50bil from their CAPEX and OPEX budgets of RM350bil over the next four years. Unfortunately, this means that there will be a deferment in the award of new projects, a slowdown in work orders and possibly lower rates on any new contracts that we do win. All of the above will translate into lower revenues and tighter margins if we choose not to adapt and evolve.

Acquisition of Perdana Petroleum

In May 2015, upon amassing more than a 33% stake in offshore supply vessel (OSV) operator, Perdana Petroleum Berhad, we automatically triggered a Mandatory General Offer (MGO) for Dayang to purchase the remainder of Perdana's shares from the open market. The takeover consumed RM120mil of our existing funds and required us to take on additional bank borrowings of RM680mil. As of November 2015, Dayang owned a 98.01% controlling stake in Perdana.

Along with acquiring Perdana's young fleet of 17

vessels, we also absorbed their net loss of RM101mil into our books for 2015. This loss can be attributed to several internal and external factors but rest assured, we have immediately set out to rectify these issues in order to align our new subsidiary with the overall group direction.

First of all, a rightsizing of the Perdana organisation was carried out which resulted in a reduction of onshore office based staff from 130 personnel to a more optimum number of 50. We are also currently in the midst of refinancing some unhedged USD loans which caused Perdana to suffer forex losses last year. Up to USD150mil worth of this loan will be converted into RM650mil of Islamic bonds via a Sukuk Murabahah programme. This loan restructuring process should be completed within the first half of 2016 and will bring about the dual benefits of reducing our exposure to the strengthening US dollar while making the loan Shariah compliant. Another major contributor to Perdana's losses last year was the necessary RM36.5mil down payment write-off for an Accommodation Work barge (AWB) which was scheduled for delivery in February 2016. The write-off was a necessary measure as it would have been unwise for us to accept delivery of this vessel and incurring the added operational costs without any visibility of a firm charter.

Going forward, we intend to pull Perdana out of the red by lowering its breakeven vessel utilisation rate. This should be possible considering DESB Marine has been able to operate at a lower breakeven rate. At the same time, we aim to improve Perdana's average vessel utilisation rate by the end of 2016. Our options include redeploying Perdana vessels to Dayang contracts and intensifying our efforts in marketing both Perdana as well as DESB Marine fleets to the regional market.



Message to Our Shareholders (cont'd)

Although things may look challenging for the OSV market in the near term, the acquisition of Perdana is a strategic long term play which will boost our competitiveness when bidding for the next round of HUCC (Hook-up, Construction & Commissioning) tenders. In the meantime, we will continue establishing new synergies with our most recent subsidiary as we look towards our long term objective of becoming the market leader in HUCC and topsides maintenance (TSM) services within the region. In the near future, it is possible that we may divest our holdings in Perdana while still maintaining control of the company in order to pare down our borrowings.

Financial Review

Regrettably, the financial year ended Dec 2015 (FY15) marks the first year in our history where profits failed to see a year-on-year increase. Revenue decreased from RM877mil in FY14 to RM779mil in FY15 owing to a slower intake of work orders and lower vessel utilization. Similarly, profit after tax was down from FY14's record high of RM181mil to RM170mil in FY15. It should be noted that we made a fair value gain of RM108mil from the acquisition of Perdana but this was offset by Perdana's FY15 net loss of RM118mil. The

Group's combined order book (including Perdana's) of more than RM3.8bil should sustain our earnings until 2018 though it will be fairly difficult to predict short term revenue figures or subsequent profits during such turbulent times.

As expected, Dayang's share price has continued to slump in line with the falling oil price due to poor market sentiment. About a year ago, Dayang's share price was trading at above RM2.80 when the Brent crude oil price was above USD80 per barrel. On 21 January 2016, Dayang's share price traded at a low of RM0.99 when the Brent crude oil price dived below USD30 per barrel. The share price has since rebounded to the RM1.40 mark as at 3 March 2016, which goes to show that Dayang's share price is very much tied to the ups and downs of the global crude oil price.

A dividend payment of 3.5sen per share was declared and paid in April 2015. Unfortunately, the board has decided not to pay another dividend for the second half of 2015 in order to preserve our funds. The Group's net gearing ratio for the year ended at 1.5 times which we envisage will be pared down progressively through better management of the Group's vessel portfolio and various synergistic strategies that have been put into action as well as through the divestment of our stake in Perdana.



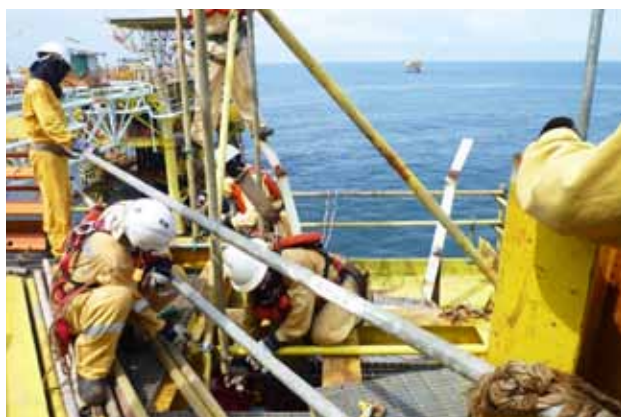
Message to Our Shareholders (cont'd)



We would also like to take this opportunity to proudly declare that in 2015, Dayang was listed by Forbes Asia as one of the "200 Best Companies under a Billion (USD)". A total of eleven Malaysian companies were named and Dayang was one of only two O&G companies that made it into the list.

Review of Operations

East Malaysian operations were cut back in FY15 especially with regards to our Shell HUC contract. HUC and TSM activities for Petronas Carigali were also reduced in East Malaysia but this has been compensated by increased maintenance activity in



West Malaysia as well as our recent venture into the realm of EPCC contracts which stands for Engineering, Procurement, Construction and Commissioning. On that note, our RM280mil maiden EPCC project (Bardegg-2 and Baronia EOR) is currently in full swing and should continue to be an addition to our revenue stream for FY16. Ongoing contracts with the rest of our other clients, namely Nippon Oil and Murphy Oil, have remained relatively unaffected during this down-cycle.

Unsurprisingly, the OSV sector is struggling to stay afloat due to a reduction in offshore activities which has led to lowered demand for vessels. Circumstances were further aggravated by an accompanied drop in vessel charter rates towards Q3 and Q4 last year. Operational resilience and a thorough understanding of marginal and breakeven costs will be the emphasis going forward especially for our capital intensive marine charter subsidiaries.

We are delighted to announce that major contracts won in FY15 include a two-year Facilities Improvement Project (FIP) for Petronas Carigali worth RM250mil and a one year extension on our TSM contract with the same client. At this point in time, we are tendering for an additional RM350mil worth of contracts.

Though cost optimisation will be the company's major focus in the immediate future, we will not do so at

Message to Our Shareholders (cont'd)



the expense of tarnishing our solid HSE track record. The Group's excellent HSE performance in 2015 has been recognised by our clients through the following awards:

1. Safety Award for Safe Completion of Helang 15S2 Shutdown 2015 by JX Nippon Oil & Gas Exploration
2. Shell Malaysia Safety partnership & Collaboration Recognition 2014
3. Certificate of Appreciation 2015, PCSB SKO Monthly Service Provider HSE Liaison by Petronas.

Prospects

At this juncture, we would like to reassure our shareholders that Dayang is still in the thick of the action where Malaysian HUC and offshore maintenance activities are concerned. Furthermore, the current market trend sees Exploration & Production (E&P) companies being more inclined towards smaller maintenance and Brownfield jobs rather than new Greenfield projects. Regardless of the direction in which the oil price takes, we are banking on the fact that our country's ageing production facilities will continue to operate and as such will continue

to require routine maintenance and Brownfield modifications. Thus, there will still be work for us to bid on even in the short to medium term albeit not with the same volume and margins enjoyed in the past.

Typically, it is easy for companies to do well under favourable economic conditions. It is only when times get tough that we are able to separate the wheat from the chaff, or if you prefer, the oil from the water. In 2016, Dayang intends to not only survive but to forge ahead of the competition by:

- 1) Staying true to our tradition of maintaining a sustainable balance sheet via careful cash flow management.
- 2) Preserving our established relations with clients which means being aware of their changing needs and continuing to deliver quality on all outstanding contracts.
- 3) Reengineering our business model into one with a lower cost base through operational streamlining, newfound synergies with Perdana and cost reviews of our supply chain.
- 4) Gradually expanding our long term execution

Message to Our Shareholders (cont'd)



abilities in HUCC and TSM while simultaneously tapping into new segments of the value chain such as EPCC contracts, Facilities Improvement Projects (FIP) and other Brownfield scopes.

The blueprint outlined above should ensure that Dayang is strongly positioned to capitalize on the upswing cycle when the market inevitably recovers. Though we are experiencing rough seas at present, Dayang will stay the course and sail into 2016 with a committed “focus towards excellence”.

Acknowledgements

On behalf of the Board of Directors, we would like to acknowledge the contributions of Datuk Hasmi bin Hasnan, who resigned from his position as Chairman of the Board in December last year. Datuk Hasmi has been with us since the company was listed back in 2008 and his leadership will be missed.

A big thank you goes out to all stakeholders who were a part of our journey in 2015. To our clients, business partners, vendors, suppliers, and financiers, thank you for your ongoing support and cooperation. We look forward to continuing the journey in 2016 and achieving even more together.

We would also like to express our heartfelt appreciation to our capable management team and dedicated employees for their accomplishments in what had been a truly testing year for Dayang and the industry as a whole.

Last but not least, thanks to you, our valued shareholders, for your loyalty in these difficult times. Trust that your faith in the company will be rewarded because our best days still lie ahead of us.

Thank you.

Ali Bin Adai

Independent Non-Executive Chairman

Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin

Managing Director

Corporate Social Responsibility

The Group acknowledges the importance of its corporate social responsibilities ("CSR") and is committed to promote corporate social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value. Management recognizes that for long term sustainability, its strategic orientation will need to cater beyond the financial parameters.

During the year 2015, the Group organized several activities to sustain its CSR responsibilities to the environment, employees and the community. Among the main programmes initiated were Health, Safety and Environment ("HSE") awareness week, QHSE away day, sport and recreation activities and welfare events.

1. THE WORKPLACE

1.1 Education and Individual Development

The Company values the contributions from the employees which attributes to the success of Dayang Group. The Dayang Group currently employs more than 1,700 employees in its operations. We strive our utmost best to create a conducive environment for learning and knowledge creation in the organization to improve growth and work satisfaction for our personnel. We continue to take appropriate measures to further develop and reward the competency, hard work and expertise of our talents.

The Group continuously provides its employees with skills development and training programmes that encourage progression and self-enrichment. Throughout the year under review, Dayang conducted several in-house trainings to motivate employees and to upgrade their skills and knowledge. Employees have also enrolled in courses/seminars/workshops including Permit To Work ("PTW") training to keep abreast of current issues and updates related to their course of work.

During the year, the Company also arranged to send its employees to attend the following courses:

- i) forklift drivers for refresh forklift training to meet the requirements of the Department of Occupational,



- ii) Safety and Health ("DOSH") scaffolding competence training as per DOSH requirements
- iii) permit to work competent trainers for Petronas Carigali Sdn Bhd
- iv) course for Certified Environmental Professional ("CEP") in Scheduled Waste Management
- v) CEP courses and training for Safety and Health Officer.

1.2 Sports and Recreational Activities

The Company believes that good relationships can be fostered through sports and other activities. Sports activities within and outside the workplace have been organized with the objective of encouraging employees to live a healthy lifestyle and at the same time promote a teamwork spirit among employees.

Various social and sporting activities are organised on a regular basis, with the Company's in-house sports club continuing its active role to encourage our employees to participate in these activities. The Company had organized sporting events such as Golf tournament during the year.

The Group held its Annual Dinner on 23rd January 2016 at Meritz Hotel in Miri, Sarawak.

Corporate Social Responsibility (cont'd)

1.3 Management Quality, Health, Safety, Security and Environment ("QHSSE") Away Day

The Company also held a Management QHSSE Away Day session for the year 2015 for key personnel on 07th January 2016 at Borneo Rainforest Resorts, Miri, Sarawak. Senior Management also participated in the programme to ensure their personal commitment and demonstrate visible leadership and promote effective collaboration through the sharing of best practices in maintaining QHSSE.

The main objective is to plan and discuss QHSSE issues, current projects and forecast performance as well as the company's direction and way forward for the year 2016 challenges.

commitment to support and keep abreast with society's evolving needs.

In conjunction with the Company's Quality, Health, Safety, Security and Environmental (QHSSE) Campaign, the Company organised a various activities namely:

- Blood Donation Drive at its Miri Head Office on 02th September, 2015
- Labuan Blood Donation conducted on 05th September, 2015
- Fund Raising Activities such as:
 - Charity Car Wash;
 - Charity Golf Tournament.

The Company also supported Charity Golf tournaments organised by Dayang Recreation Club (DRC), Tetuan PIBG Sek Keb(A) Majlis Islam Sarawak for NC3 Golf Classic Tournament 2015, Eastwood Valley Golf & Country Club for Chief Minister Golf Tournament and Kelab Golf Miri for 27th KGM Amateur Open Golf Championship.

2. COMMUNITY SERVICES

During the financial year, the Group had made monetary donation amounting to RM142,139.00 to various organizations like charities, sports activities and religious establishments. These contributions were in line with the Group's

3. INTERNSHIP PROGRAM

The Group has given opportunities to undergraduate students to take part in the



Corporate Social Responsibility (cont'd)



internship program to gain practical working experience, knowledge, skills and prepare them for the real working environment when they enter the job market. Opportunities of employment are given to these students upon completion of their degree programs. The training provided them with valuable experiences and knowledge besides the opportunity to fulfill their university requirements.

We have also participated in the 1Malaysia Training Scheme ("SLIM"), a programme organized by the Economic Planning Unit ("EPU") under the Prime Minister's Department. This programme aimed to train unemployed graduates, particularly those from low income families or rural areas to develop language and communication skills.

4. AWARDS

Dayang Enterprise Sdn Bhd ("DESB") has received the following awards for Y2015, namely;

1. Safe Completion of Helang 1582 Shutdown 2015, JX Nippon Oil & Gas Exploration
2. Shell Malaysia Safety partnership & Collaboration 2014
3. Petronas Certificate of Appreciation 2015, PCSB SKO Monthly Service Provider HSE Liaison

5. SAFE WORKPLACE PRACTICES

Dayang is committed to provide its employees with safe conditions of work. We have effective and efficient management arrangements in place to ensure the well-being of staff and others who may be affected by our activities to minimise the adverse impacts to individuals and the business from ill health and injury.

We take a precautionary approach by applying the requirements defined by our high Health, Safety, Security and Environment ("HSSE") standards being set at the beginning of the year.

In our own HSSE management practices, we comply with all HSSE policies and procedures and as well as our clients' requirements. We are committed to taking responsibility for our own safety and for the safety of others.

We believe that all incidents and accidents can be prevented. We always emphasize our high HSSE standards of conduct when dealing with clients, suppliers and other stakeholders.

Dayang also aims to continually improve its systems thus safeguarding against complacency. We will continue to set ourselves with more ambitious targets. To fulfill our HSSE policy, we:

- Require good HSSE behaviour and follow the rules and instructions that we have set in all our daily activities;
- Continuously improve our practices and work environment;
- Design our solutions and services to help our clients improve their HSSE performance;



Corporate Social Responsibility (cont'd)



- Strive for efficient and sustainable use of energy, resources and materials in all our operations;
- Conduct regular water sampling at all our locations/vessels to ensure that potable water is fit for human consumption according to WHO guideline.

As we value the health of all our employees we are continuously monitoring conditions at the work sites to ensure that employees and contractors are not subjected to conditions that could lead to adverse health effects.

Throughout the year we have conducted a number of HSSE trainings and courses for various groups at different levels of personnel to improve awareness, skills and knowledge throughout the organization.

The Company organized its yearly QHSSE Campaign from 15th September, 2015 with the following theme:

“Make Quality and HSE as our Culture”

The soft launching for the QHSSE 2015 campaign was conducted in Miri & Labuan as follows:

- Date : 15th September, 2015
- Venue : Park City Everly Hotel, Miri and
- Date : 18th September, 2015
- Venue : Billion Pavillion Hotel, Labuan

The Objectives of the campaign are stated as below:

- To reinforce the management team's commitment to provide quality services under a safe, healthy and environmental friendly working environment;
- To ensure effective communication between management team with various worksites team,
- To ensure all work processes comply with DESB's policy;
- To warrant, and continue to improve quality products and services, with employee's safety and eco-friendly being the top priorities.

The QHSSE Campaign also organised some talks with the following topics for Miri:

- Security Awareness and Crime Prevention of Crime by representative of Jabatan Pencegahan Jenayah dan Keselamatan Komuniti (JPJKK) IPD Miri

Corporate Social Responsibility (cont'd)

- Make Quality and HSSE as our Culture by Mr. Aminuddin Mohd. Nadzir of JX Nippon Oil & Gas.
- Cause and Prevention of Cancer by Dr. Selve Kumar Subramaniam, ENT Specialist from Columbia Asia Hospital Miri
- Fire Prevention by Mr. John Justin, SKO PCSB

For the campaign in Labuan, the following talks consisted of:

- Strategies for better Environment by DOE, Mr. Gwendolyne Christopher (Assistant Director, DOE Labuan)
- Basic Health & Safety Awareness by Mr Azley , JKKP Labuan
- Skim Bencana Kerja by Mr. Ahmad Roslee Baby, Perkeso Labuan

To ensure the safety and health of our employees, various other HSSE programmes and campaigns event have also been organised during the year such as:

1. HSSE Training (both in-house and external)
2. Train The Trainer for SHO
3. Conduct Pre-mob Briefing prior to Mobilisation of Crew
4. Organised Management Inspection Visit(MIV) or Management Site Visit (MSV)
5. Management HSSE Visit (MHSEV)/ Inspection by PCSB & DESB Team.



6. Conducted Monthly OSH Committee Meeting and LOCHSEC Meeting
7. Quarterly Senior Management HSSE Engagement Session with Clients
8. Monthly HSSE Liaison Engagement Session with Client
9. Audit by Client
10. Conducted Random Drug & Alcohol Test for Personnel
11. Health Monitoring for BMI and Blood Pressure
12. Timely disposal of Scheduled Waste
13. Attending Client HSSE Forum & Seminar, etc.

The Group will continue to identify and undertake more related events to fulfill its corporate social responsibility in any way and would contribute to preserving the values of society.

6. LEADERSHIP & COMMITMENT

Dayang is committed to maintain the highest HSSE standards throughout our operations as well in its pursuit of its future projects and businesses.

Additional resources and HSSE Management Systems are being progressively introduced. Dayang is working to achieve two International

Corporate Social Responsibility (cont'd)

Standard Certifications on Safety and Health Management System namely OHSAS 18001:2007 and Environmental Management System ISO 14001:2004.

OHSAS 18001 is the internationally recognised standard for Occupational Health and Safety Management System as many organizations are increasingly concerned by achieving and demonstrating sound Occupational Health and Safety performance to their shareholders, employees, clients and other stakeholders by managing the hazards and improving the beneficial effects of their activities, products and services.

Increasingly, stringent legislation, the development of economic policies, human resources management and other measures are used to foster Occupational Health and Safety protection and welfare.

The two certifications are part of the company's integrated efforts towards achieving enhancement and continuous excellence in Health, Safety, Security and Environmental (HSSE). The implementation of the two systems are targeted to reduce accidents and risk of

losing key workers through injuries, thus ensuring that disruption caused from accidents is being kept low.

The ISO 14001:2004 Environmental Management System (EMS) is a tool to enable us to identify and control the environmental impact of our activities and products or services besides improving environmental performance continually.

In addition to enhancing the organisation's reputation and brand, the OHSAS certification also demonstrates that the organisation adheres to high standards with regards to Occupational Health and Safety. The Company will continue with its unwavering commitment to safety through continuous education and learning process across the board.

We continue to strive to adhere to stringent occupational health and safety practices, providing a safer working environment for our workforce.



Statement on Corporate Governance

The Board is pleased to present to the shareholders herein the manner in which the Company has applied the Principles of good governance and the extent of compliance with the Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCGG 2012" or "the Code") issued by the Securities Commission. These Principles and Recommendations aimed to enhance the effectiveness of corporate governance framework to safeguard the interest of shareholders and other stakeholders as prescribed under Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"). The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in "the Code" to the best interest of the shareholders of the Company.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions reserved for Board and Management

Dayang is led by an experienced and diversified Board that is made up of Directors who are specialized in oil & gas, property development and construction sector, plantation sector, marine sector, banking sector and professional in accounting sector. This wide spectrum of skills and experience provide the Board with a diverse set of expertise and knowledge in discharging its responsibilities for the proper functioning of the Board.

The Board is focused on the Group's overall governance by ensuring the implementation of strategic plans and that accountability to the Group and stakeholders is monitored effectively. The Executive Directors take on primary responsibilities in managing day to day business whilst the Independent Directors are involved in various committees and contribute in areas such as performance monitoring and providing independent view for enhancement of corporate governance and controls.

The role of the management is to manage the Company in accordance with the direction set by the Board. The Board plays the strategic role in overseeing that the management carries out the delegated duties to achieve the Group's corporate objectives.

Clear roles and responsibilities

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The principal functions and responsibilities of the Board include the following:

(a) Reviewing and adopting strategic plans for the Group.

The Board plays an active role in reviewing and adopting strategic business plans for the Group by ensuring that strategies proposed are discussed at length and critically examined.

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

The Group's business performance and results are periodically reviewed by the Board via annual and quarterly financial results, operational updates, key risks mitigation plans, updates of matters arising from previous meetings as well as corporate and regulatory updates received from the management.

(c) Identifying principal risks and ensuring implementation of appropriate systems to manage these risks with a view to the long term viability of the Group.

Risk Management activities are set out in the Statement of Risk Management and Internal Control on page 46 of the Annual Report.

Statement on Corporate Governance

(cont'd)

(d) Ensuring corporate accountability to shareholders

The Board endeavoured to adopt an effective shareholder communications strategy, encouraging effective participation at general meetings and developing and implementing an investor relations program for the Company to communicate effectively with its shareholders.

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

The Board has entrusted the Risk Management Committee to monitor and ensure that the internal control systems of the Group is adequate to mitigate the Group's risk exposures to an acceptable level.

Code of Ethics and Conduct

The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethically responsible and transparent manner. The Group has a Code of Ethics and Conduct that set out the standards and ethical conduct expected of all employees and Directors of the Group.

The Ethics Conduct covers the areas of conflict of interest, confidential information, insider information, protection of the Group's assets etc.

Access to Information and Advice

All Directors have direct access to the advice and services of the Company Secretaries on compliance issues and ensure that the Company's policies and procedures are followed. The Directors are also empowered to seek independent professional advice at the expense of the Company, should they consider it necessary in their course of duties.

All Directors are provided with an agenda together with appropriate board papers containing information on major financial, operational and corporate matters of the Group prior to the Board meetings. This is issued 5-7 days before the Board meeting to enable the directors to review the papers in preparation for the meeting and to obtain further explanations, where necessary.

All matters discussed and resolutions passed at each Board meeting are recorded in the minutes of the Board meeting. These minutes are circulated to all Directors for their perusal and confirmation and any Director can request for further clarification on the minutes prior to their confirmation.

Qualified and Competent Company Secretaries

The Board is supported by the services of qualified Company Secretaries. The roles and responsibilities of the Company Secretaries include:

- (a) Advising the Board in relation to the constitution of companies arising from the relevant laws and regulations.
- (b) Maintaining the statutory records of the Group of Companies.
- (c) Attending meetings of the Board and shareholders and ensuring that the meeting proceedings are properly convened and minuted.
- (d) Regularly update and advise the Board on new statutory and regulatory requirements.
- (e) Briefing the Board on the proposed contents and timing announcements to be made to regulators.
- (f) Facilitating communication between the Board and Management.
- (g) Facilitating compliance with the Listing Requirements and Companies' Legislation that are applicable to the group companies.

Statement on Corporate Governance

(cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION

Board Balance

The Board currently consists of twelve (12) members, comprising 4 Executive Directors and 8 Non-Executive Directors of which seven (7) are independent. 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 judgment.

The present composition of the Board is in compliance with Paragraph 15.02(1) of the Listing Requirements of Bursa Malaysia Securities Berhad which requires one third of the Board members to comprise independent members.

The Board continually evaluates its requirements as to the appropriate mix of skills and experience required to ensure that its composition remains optimal for the effective discharge of its responsibilities. Their expertise and know-how have been gained through their years of involvement in their respective fields.

The Independent Directors do not participate in the day to day management of the Group and do not engage in any business dealing with the Group in order to ensure that they remain truly capable of exercising independent judgment and act in the best interests of the Group and its shareholders.

A brief profile and status of each Director is presented on pages 9 to 14.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated specific functions to other Board Committees as prescribed under the MCCG 2012, namely:

- i) Audit Committee
- ii) Joint Remuneration & Nomination Committee
- iii) Corporate Social Responsibility Committee and
- iv) Risk Management Committee.

Each committee has been given clear terms of reference that have been approved by the Board to operate and deliberate on issues before putting up for recommendation to the Board. The respective Board Chairman will report to the Board on any significant development and deliberations conducted at the Board Committee level.

In respect of the assessment for the financial year ended 31 December 2015, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, mix of skills and experience was adequate.

Audit Committee

The composition of the Audit Committee meets the Main Market Listing Requirement where all the members of the Committee are Non-Executive Directors. The members of the Audit Committee comprise:

Name	Position
Mr Chia Chu Fatt	Chairman
Encik Polit Bin Hamzah	Member
Tuan Haji Abdul Aziz Bin Ishak	Member
Mr Koh Ek Chong	Member
Encik Ali Bin Adai	Member

Statement on Corporate Governance

(cont'd)

The Audit Committee is responsible for reviewing issues of accounting policies and presentation for external reporting, monitoring the work of the internal audit function and ensures the objective and professional relationship is maintained with the external auditors. The role of the Audit Committee and the number of meetings held during the year as well as the attendance record of each member are spelt out in the Audit Committee Report on page 43 to 45 of the Annual Report.

Joint Remuneration & Nomination Committee

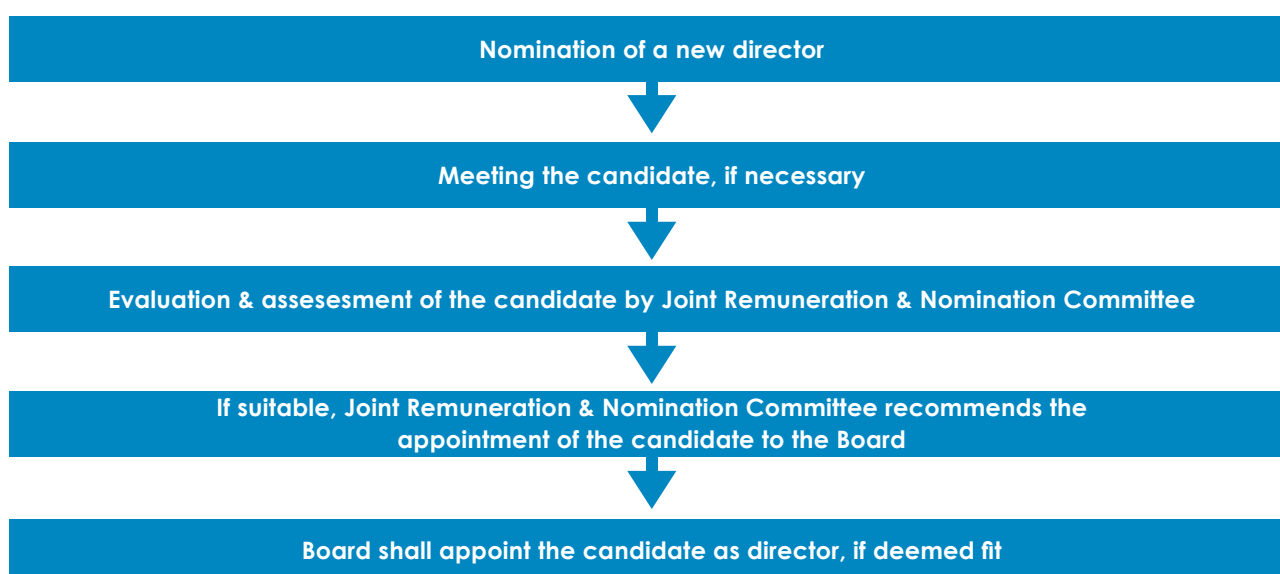
The Joint Remuneration & Nomination Committee comprises of 4 Non-Executive Directors. The members are:

Name	Position
Encik Polit Bin Hamzah	Chairman
Mr Chia Chu Fatt	Member
Tuan Haji Abdul Aziz Bin Ishak	Member
Mr Koh Ek Chong	Member

The Remuneration and Nomination Committee responsibilities include amongst others, reviewing the Board's composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates for appointment to the Board. Due consideration is given to the required mix skills, knowledge, expertise, experience, professionalism and integrity that the proposed Directors shall bring to the Board.

The process adopted by Dayang for Board appointments is as follows:

Process of Appointment of Director



Statement on Corporate Governance

(cont'd)

The Committee is also responsible to review the performance of the Directors, Directors retiring by rotation and seeking re-election at the forthcoming Annual General Meeting. The Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director on an annual basis.

The Committee is also responsible to recommend the remuneration packages for the Executive Directors of the Company to the Board. The Board recommends the remuneration of the Non-Executive Directors for approval of shareholders at the Annual General Meeting. Interested directors shall abstain from deliberation in respect of their remuneration.

The Committee would conduct an annual review of the composition of the Board and makes recommendations to the Board accordingly with a view of meeting the current and future requirements of the Group. Among other evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

The Joint Remuneration & Nomination Committee meets as and when required and at least once a year. During the year under review the Joint Remuneration & Nomination Committee met three times to carry out its responsibilities and the attendance of the members for the meetings held are as follows:-

Name	Attendance
Encik Polit Bin Hamzah	2/3
Mr Chia Chu Fatt	3/3
Tuan Haji Abdul Aziz Bin Ishak	2/3
Mr Koh Ek Chong	3/3

A summary of key activities undertaken by the Committee in the discharge of its duties for the financial year ended 31 December 2015 is set out as follows:

- Reviewed the Directors who were due for re-election by rotation and re-appointment,
- Reviewed Board's representation and the required mix of skills and experience and other qualities of the Board;
- Reviewed the composition of the Committees on their compliance with the provisions of the regulations;
- Reviewed the independence of the Independent Directors and their tenure of service.

Corporate Social Responsibility Committee

The responsibilities of the Committee are as follows:

- To develop and implement the Group's Corporate Social Responsibility framework;
- To incorporate environmentally friendly practices whilst carrying out our operations;
- To establish culture socially responsible behaviors among management and employees;
- To create opportunities for the Group to participate in the development of a caring and harmonious community and
- Benchmarking corporate governance to best practices to look after the interests of minority shareholders.

Statement on Corporate Governance

(cont'd)

The members of the Corporate Social Responsibility Committee are as follows:

Name	Position
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	Chairman
Chia Chu Fatt	Member
Gordon Kab @ Gudan Bin Kab	Member

Please refer to page 23 to 28 for details in relation to Corporate Social Responsibility.

Risk Management Committee

The objectives of the Risk Management Committee are:

- To establish the risk policies and risk frameworks;
- To identify, evaluate and monitor the risks portfolio,
- To formulate mitigation strategies/action plans to manage the overall risk associated with our activities;
- To recommend appropriate risk management policies and procedures which shall be reviewed regularly to ensure that they are both appropriate and adequate for the long term viability of the Group and
- To ensure a proper balance between risk incurred and potential returns to our shareholders.

The Risk Management Committee shall have authority and access to all information, records and reports relevant to the Group's activities in order to perform its duties. The Committee shall invite any Director and/or employees of the Group as it may deem appropriate, to attend a Committee meeting and assist in the discussion and consideration of matters relating to the Committee.

During the financial year under review, the Risk Management Committee met twice together with the respective Head of departments/ Units and the Internal Auditor to identify and discuss the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee.

The members of the Risk Management Committee are as follows:

Name	Position
Gordon Kab @ Gudan Bin Kab	Chairman
Datuk Ling Suk Kiong	Member
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	Member
Joe Ling Siew Loung @ Lin Shou Long	Member
Polit Bin Hamzah	Member

Gender Diversity

The Board acknowledges the recommendation of MCGG 2012 on the establishment of boardroom gender diversity policy. The Company currently has two (2) female members on Board. However, the Board has no immediate plans to implement a gender diversity policy or target, as it is of the view that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities regardless of gender.

Statement on Corporate Governance

(cont'd)

In the election for Board appointment, the Board believes in and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender, ethnicity and age.

Appointment and Retirement of Directors

The procedure on re-election of directors by rotation is set out in the Company's Articles of Association. 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. All Directors of the Company are subject to re-election by the shareholders and are subject to retire from office at least once every three (3) years. The Directors due to retire at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution 3 to 6).

Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. The director seeking re-appointment at the forthcoming AGM is shown in the Notice of Meeting (Ordinary Resolution 7).

Remuneration of Directors

Directors' remuneration is linked to experience, scope of responsibilities, service seniority as well as performance. The Non-Executive Directors are paid a meeting allowance for each Board meeting and Committee meeting they attend. The aggregate Directors' remuneration paid or payable or otherwise made to all the Directors of the Company who served during the financial year are as follows:

	Executive Directors (RM)	Non Executive Directors (RM)	Total (RM)
Fees	1,699,800	654,180	2,353,980
Salary	2,930,480	-	2,930,480
Bonus	18,047,006	-	18,047,006
Other emoluments	1,070,159	-	1,070,159
Allowances	138,800	36,000	174,800
Total	23,886,245	690,180	24,576,425

The number of Directors whose total remuneration falls within the following band is as follows :-

RANGE OF REMUNERATION	NUMBER OF EXECUTIVE DIRECTORS	NUMBER OF NON-EXECUTIVE DIRECTORS
RM50,001 – RM100,000	-	8
RM150,001 – RM200,000	1	-
RM250,001 – RM300,000	1	-
RM7,550,001 – RM7,600,000	1	-
RM7,900,001 – RM7,950,000	1	-
RM7,950,001 – RM8,000,000	1	-

Statement on Corporate Governance

(cont'd)

Details of the Directors' remuneration are set out in applicable bands of RM50,000 in accordance with Appendix 9C Part A(11) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Whilst the Code prescribed for individual disclosure of directors remuneration packages, the Board is of the view 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.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Assessment of Independent Directors

The responsibilities of the Independent Non-Executive Directors include providing independent and objective views to Board deliberations and decision – making and the Board members are responsible to act in the best interest of the shareholders of the Company. In view thereof, the Joint Remuneration & Nomination Committee and the Board assesses annually the independence of the Group's independent directors.

In accordance to the Main Listing Requirements, an Independent Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement and should be willing to express his opinion freely at the Board.

The Joint Remuneration & Nomination Committee and the Board are of the view that all seven (7) Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board.

The Board is satisfied with the level of independence demonstrated by all the independent non-executive directors and their ability to act in the best interests of the Company.

Tenure of Independent Directors

The Code recommended that the tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, the Board may provide justification to retain a Director who has served a cumulative term of 9 years as an Independent Director subject to shareholders' approval. Currently, none of the Independent Directors have served on the Board for 9 years.

Separation of positions of the Chairman and Managing Director

The positions of the Chairman and the Managing Director are held by two different individuals in line with the Code's recommendation. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority.

Board Chairman

- (a) Representing the Board to Shareholders and to chair and ensure efficient organization and conduct of the Board and/or meeting of the shareholders.
- (b) Ensuring that executive directors look beyond their executive function and accept their share of responsibilities in governance.
- (c) Guiding and mediating Board actions
- (d) Performing other responsibilities assigned by the Board from time to time.

Statement on Corporate Governance

(cont'd)

Managing Director

- (a) Responsible for the overall management of the Group ensuring organizational effectiveness and implementation of Board policies and strategies.
- (b) Directing all aspects of the business operations in a cost effective manner
- (c) Ensure that the Group's Financial Reports present a true and fair view and operational results are in accordance with the relevant accounting standards
- (d) Ensure compliance with governmental procedures and regulations

Chairman to be a Non-Executive Director

The Code recommends that the Chairman of the Board to be a non-executive member of the Board and in the event the Chairman of the Board is not an independent director, the Board should comprise a majority of Independent Directors. The Chairman of the Board is an independent director which is in compliance with the CG Code.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitments

The Board is expected to commit sufficient time as and when required to carry out their responsibilities, besides attending meetings of the Board and Board Committees. All directors hold not more than five (5) directorships in public listed companies.

The Board meets at least four (4) times a year at quarterly intervals with the meetings scheduled in advance before the end of the preceding year to facilitate the Directors in managing their meeting plans. Additional meetings are convened to deliberate on matters requiring immediate attention that need to be made between scheduled meetings.

In the event Directors are unable to attend Board meetings physically, the Company's Articles of Association allow for such meetings to be conducted via telephone, video conferencing or any other form of electronic or instantaneous communication.

During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board Committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

The Board had met six (6) times during the financial year ended 31 December 2015 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. All proceedings of the Board meetings are duly minuted by the Company Secretary and signed by the Chairman of the Meeting.

Statement on Corporate Governance

(cont'd)

The details of attendance of the directors held during the financial year are as follows:-

Name of Director	No of Meetings Attended
Datuk Ling Suk Kiong	5/6
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	4/6
Joe Ling Siew Loung @ Lin Shou Long	6/6
Gordon Kab @ Gudan Bin Kab	5/6
Jeanita Anak Gamang	4/6
Tuan Haji Abdul Aziz Bin Ishak	6/6
Polit Bin Hamzah	4/6
Chia Chu Fatt	6/6
Wong Ping Eng	5/6
Azlan Shah Bin Jaffril	5/6
Koh Ek Chong	6/6
Ali Bin Adai	6/6
Datuk Hasmi Bin Hasnan (resigned on 23.12.15)	1/6

Directors' Training

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, latest regulatory developments and management strategies. Therefore, the Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars and briefings that would enhance their knowledge to enable the Directors to discharge their responsibilities more effectively. All members of the Board have completed their Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad.

For the year under review, the Directors have individually or collectively attended the following programmes:

- The Annual General Meeting – A Practical Insight and Managing Shareholders' Expectations
- Enforcement of Bursa Requirement
- Governance, Director Duties and Listing Requirement Updates for Directors of PLCs 2015
- National Tax Budget Seminar 2015 by Lembaga Hasil Dalam Negeri
- Managing Income Tax Audits and Capitalising on Voluntary Disclosure Penalty Waiver/Reduction from May to November 2015
- Understanding The Legal and Practical Aspects of Withholding Taxes
- Goods & Services Tax (GST) training course
- GST Post Implementation Updates & Developments
- The Malaysian Private Entities Reporting Standards Outreach Programme
- Tax Seminar 2016 Budget Proposals
- Transactions by Directors & Practical Issues and Solutions by SSM
- Company Secretaries Training Programme Essential Part A to Part C by SSM
- Seminar on Law of Contract and Its Applications by SSM
- SSM Sarawak Seminar 2015
- Naim Holdings Berhad's Corporate Retreat/Boot Camp in Chiang Mai
- Naim Holdings Berhad's Senior Management Retreat

Statement on Corporate Governance

(cont'd)

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to present a balanced, clear and timely assessment of the Group's financial position and prospects by ensuring quality financial reporting through the annual audited statements and quarterly financial results to the stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Board is assisted by the Audit Committee to oversee the financial reporting processes to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia and that all applicable accounting policies used are supported by reasonable prudent judgments and estimates. The Board has taken due care and reasonable steps to ensure that the requirements of accounting standards and relevant regulations were fully met.

Sustainability and Independence of External Auditors

The Group has established a transparent and appropriate relationship with the External Auditors through the Audit Committee of the Company.

During the year, the Audit Committee met with the external auditors twice to discuss their audit plans, audit findings and their reviews of the Group's Financial Results/Statutory Statement of Accounts. In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The External Auditors have also confirmed that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound Risk Management Framework

The Risk Management Committee whose current members comprised of five (5) members of the Board assists the Audit Committee in discharging its risks management and control responsibilities.

The Risk Management Committee has been tasked to identify and communicate the existing and potential critical risks areas faced by the Group and the management action plans to mitigate such risks by working with the Internal Auditors in providing periodic reports and updates to the Board.

The Board confirms the Group is committed to ongoing review of the entire control, compliance and risk management controls.

Internal Audit Function

The Company has an in-house internal audit function, which reports directly to the Audit Committee on the adequacy and effectiveness of the current system of internal controls from the perspectives of governance, risks and controls.

Statement on Corporate Governance

(cont'd)

During the financial year under review, the internal audit function also performed a follow-up to assess the status of management-agreed action plans on recommendations raised in preceding cycles of internal audit. The outcome thereof was summarized in a follow-up report to the Audit Committee highlighting those issues that had yet to be fully addressed by management including specific timeliness for those outstanding matters to be resolved.

Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognizes the importance of effective and timely communication with shareholders and investors to ensure that they are informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments which are communicated via the following channels:-

- (i) the Annual Report and relevant circulars dispatched to shareholders and published on the Company's website and Bursa Securities.
- (ii) the convening of AGM and/or Extraordinary General Meeting.
- (iii) the release of quarterly financial announcements.
- (iv) press release and analysts briefings.

The Group also maintains a corporate website at www.desb.net whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

Investor Relations

The Group's investor relationship is helmed by the Group Managing Director and the Head of Corporate Affairs who will attend to the needs of the investment community, shareholders, fund managers and analysts.

As there may be instances where investors and shareholders may prefer to express their concerns to an Independent Director, Mr Chia Chu Fatt continues to play his role as the Independent Director of the Board to whom concerns may be conveyed. Mr Chia is also the Chairman of the Audit Committee of the Board and a member of the Remuneration and Nomination Committee.

His email contact is andycfchia8@gmail.com.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Annual General Meetings

The Company recognizes the importance of communicating with its shareholders and investors. Announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations.

Statement on Corporate Governance

(cont'd)

The Company's Annual General Meeting is the principal forum for dialogue and interaction with the shareholders of the Company whereby the shareholders have direct access to the Board and are given the opportunity to present their views or seek clarification on the progress, performance and major developments of the Company. The Board also shares with the shareholders the Board's responses to questions submitted in advance by the Minority Shareholder Watchdog Group. The External Auditors of the Company are also invited to attend the AGM to answer any questions relating to the conduct of the audit and contents of the Auditor's Report.

All members present at each meeting have the rights to demand for a poll voting in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions. The voting process at each meeting shall be by way of show of hands unless a poll is demanded. The Chairman may demand for a poll for any substantive resolutions put forward for voting at the shareholders' meetings, if so required.

This statement is made in accordance with a resolution of the Board of Directors dated 12 April 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual financial statements.

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 and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2015, 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 keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965.

In addition, the Directors have overall responsibility to safeguard the assets of the Company and the Group by taking reasonable steps to prevent and detect fraud and other irregularities.

Additional Compliance Information

as at 31 December 2015

1. Utilization of Proceeds from Corporate Exercise

The Company had successfully placed out 52,100,000 new ordinary shares of RM0.50 each pursuant to the Private Placement 2014 which raised a gross proceeds of approximately RM175.58 million. The status of utilization of the proceeds as follows:

	Amount raised from Private Placement 2014 (RM'000)	Actual Utilization (RM'000)
Working capital and/or potential investment projects(s)	170,677	170,677
Expenses in relation to the Private Placement	4,900	4,900
	175,577	175,577

2. Share Buy-Back

During the financial year ended 31 December 2015, no shares were bought back from the market.

3. Options, Warrants or Convertible Securities

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

4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2015.

5. Imposition of Sanctions and / or Penalties

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2015.

6. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the Company's auditors for the financial year ended 31 December 2015 was as follows:-

Item	Nature of services rendered	RM
a.	GST Consultation fees	210,000
b.	Tax fee	57,055
c.	Other advisory fees	72,000
	Total	339,055

7. Variation in Results

There were no material variances between the audited results of the financial year ended 31 December 2015 and the unaudited results previously released by the Company.

8. Profit Guarantee

The Company did not receive any profit guarantee during the financial year under review.

9. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2015 which involves the interests of the Directors and major shareholders.

10. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

The details of RRPTs undertaken by the Group during the financial year under review are disclosed in Note 35 to the financial statements on page 138.

Audit Committee Report

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 ("AC" or "the Committee") comprises at least three members, all of whom are independent directors, of the Board of Directors. 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 judgment based on the structure and composition of the Committee.

The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountant or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one the associations specified in Part II of the said Schedule.

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

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee has five (5) members, all of whom are Independent and Non-Executive Directors. This is in line with the requirements of paragraphs 15.09 of the main Market Listing requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). Among the members, there are two (2) members of the Committee fulfil the financial expertise requirement of the Listing Requirements. All members are financially literate with sufficient financial experience and ability to assist in discharging the Board's fiduciary duties and responsibilities.

The members of the Audit Committee are as follows:

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)
Koh Ek Chong	Member (Independent Non-Executive Director)
Ali Bin Adai	Member (Independent Non-Executive Director)

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;

Audit Committee Report

(cont'd)

- To examine and review the adequacy and effectiveness of management and operations;
- To review the statutory accounts, quarterly results and year end financial statements and other published information, prior to the approval by the Board of Directors;
- To nominate and recommend the external auditor for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditor;
- 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.

MEETINGS OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR 2015 ("FY 2015")

A total of seven (7) meetings were held during FY 2015 with two (2) private meetings with the external auditors, to give opportunity to the external auditors to raise any matters without the presence of the executive board members and management.

A quorum, ascertained by the presence of a majority of Independent Directors was always fulfilled. The Group Financial Officer, Group Accountant and the Head of Group Internal Audit were invited to the AC meetings to provide information in terms of financial and internal controls.

The details of attendance of each member at the Audit Committee meetings held during the financial year under review were as follows:-

Name of Directors	Attendance
Chia Chu Fatt	7/7
Polit Bin Hamzah	5/7
Tuan Haji Abdul Aziz Bin Ishak	7/7
Koh Ek Chong	7/7
Ali Bin Adai	7/7

The minutes of each AC meeting were recorded and tabled to the AC for adoption at the following quarterly AC meeting. Subsequently, all the minutes of meetings are presented to the Board for notation.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were performed by the Audit Committee during the financial year 2015:

- Reviewed the unaudited quarterly reports and audited financial statements of the Group and its subsidiaries with management and external auditor to ensure compliance with the generally accepted accounting principles and Financial Reporting Standards;

Audit Committee Report

(cont'd)

- Based on the satisfactory review and discussion above, the Audit Committee recommended to the Board of Directors that the quarterly unaudited financial statements and audited financial statements to be approved for announcement to Bursa Malaysia Securities;
- Reviewed related party transactions on a quarterly basis where commercial relationship existed between each director, major shareholders and persons connected to Dayang Group and its subsidiaries, the Audit Committee and the Board would ensure that such transactions were on normal commercial terms that were not more favorable to the related parties than those generally available to the public;
- Reviewed, evaluated and discussed the internal audit plan, the internal audit reports prepared by the Group Internal Audit ("GIA") with the Head of GIA;
- Reviewed and evaluated with external auditors their audit plan, scope of work as well as the audit procedures to be utilized;
- Reviewed the significant audit and accounting findings raised by the external auditors during statutory audit of the Group;
- Conducted private meetings with the external auditors to raise any matters in the absence of Management;
- Reviewed the external auditors' fees and services; and
- Reviewed the Audit Committee Report and the Statement of Risk Management and Internal Control for inclusion in the Annual Report prior to Board's approval.

INTERNAL AUDIT FUNCTION

The Group has an independent in-house Internal Audit Department which reports directly to the Audit Committee. The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit. All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

During the financial year 2015, GIA carried out the following activities:

- Prepared and presented the 2015 Audit Plan for review and approval by the Audit Committee;
- Conducted 14 internal audit reviews on operational processes as per Audit Plan mainly on Warehouse, Finance and Procurement Departments and 2 ad-hoc audits requested by the Management;
- Identified and recommended process improvements to existing system of internal control in the Company;
- Prepared audit reports and requested for Management's responses on issues raised and incorporated the updates into the final reports which were then circulated to the Audit Committee;
- Presented audit reports during Audit Committee meetings;
- Followed up on findings highlighted and updated the status to the Audit Committee; and
- Reviewed the annual Statement of Risk Management and Internal Control and the Audit Committee Report before submitting to Audit Committee for approval.

The total cost incurred for the Group Internal Audit function in respect of the financial year ended 31 December 2015 amounted to approximately RM230,000.00.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance ("Code") sets out the principle that the Board of Directors ("Board") of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment and assets of the Group.

The Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to paragraph 15.26(b) of the Listing Requirement of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal control provided in the Code.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's risk management and internal controls and has delegated the implementation of the risk management framework and internal controls system to the Management. The Risk Management Committee ("RMC") and Audit Committee ("AC") of the Board were tasked by the Board with the responsibility to ensure the establishment of appropriate framework and controls as well as reviewing the adequacy and integrity of these systems in particular the financial, organisational, environmental, operational and compliance aspects of the Group throughout the financial year.

The Management reports to the RMC on the risk areas faced by the Group. On quarterly basis, the Group Internal Audit ("GIA") reports the findings identified from the internal audit reviews as well as the actions taken by the Management to address on those audit findings to the AC. Minutes of the meetings of the RMC and AC were presented to the Board.

The Board is fully committed to ensure the existence of an effective risk management framework and internal controls system within the Group, and continuously reviews and evaluates the adequacy and effectiveness of the framework and system. However, the Board recognised that such systems are designed to manage and reduce rather than to eliminate the risks identified to acceptable levels. Therefore, the internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Risk Management Committee ("RMC") is charged with the responsibility to ensure the implementation of a proper and appropriate system to manage the principle risks identified by the Management. The Group has in place a Risk Management Framework to promote effective risk management and to enhance the corporate governance assurance process. The framework provides an integrated risk management structure with the establishment of the respective risk workgroups to ensure major areas of risks are controlled and coordinated. This involves the process of identifying, assessing, responding, monitoring and reporting of risks and controls. This risk management process is applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the source of the risk.

Statement on Risk Management and Internal Control

(cont'd)

The risk workgroups which made up of Senior Managers from the major operating units established the risk profiles of the Group during the risk assessment sessions. The level of risk tolerance of the Group highlighted in the risk profiles is tabled through the use of a risk impact and likelihood matrix. Once the risk level is determined, the risk owner is required to deal with the relevant risks by adhering to the Group's risk treatment guidance on the actions to be taken and establish risk action plans to detail out activities to be carried out to mitigate the risks. Meetings were held on quarterly basis by the risk owners to ensure the risk action plans were carried out in order to manage the risks identified. The progress was reported to the RMC on half yearly basis. For the financial year, the types of major risk identified are categorised into (i) strategic risk, (ii) operational risk, (iii) financial risk, (iv) information technology risk, (v) human resources risk; and (vi) compliance risk.

INTERNAL CONTROLS SYSTEM

The key elements of the Group's internal controls system are described as below;

Clear Organisation Structure

The Group has a clear defined organisation structure with clear lines of delegation of responsibility to the Board, the Management and the operating units. At the Board level, all strategic, business and investment plans are approved and monitored by the Board. Certain Board responsibilities are delegated to the Board Committees through clearly defined Terms of Reference. Further details of the Board Committees are stated in the Statement of Corporate Governance of this Annual Report.

Independence of the Audit Committee

The Audit Committee ("AC") comprises wholly of independent and non-executive directors from various experiences and qualifications who bring a vast amount of commercial experience, technical expertise, industry insight and business knowledge. The AC assesses the adequacy and effectiveness of the internal controls during the financial year. The AC reviewed and approved the financial year 2015 ("FY15") Internal Audit Plan. The AC also reviews and reports to the Board on the engagement of the External Auditor, quarterly interim reports and annual financial statements. Other activities of the AC during the FY15 are disclosed in the AC Report.

Group Internal Audit

The Board acknowledges the importance of the internal audit function as part of its effort in ensuring the system of internal control of the Group is adequate and effective. The main function of the Group Internal Audit ("GIA") is to provide an independent objective assurance and consulting services designed to enhance work activities of the Group by emphasising a systematic approach to evaluate and improve the effectiveness of the system of internal controls. The GIA has a clear reporting line to the Audit Committee.

The GIA activities are carried out according to an annual audit plan approved by the Audit Committee. The audit plan is prepared based on the key risks identified within the Group. The GIA assesses the adequacy and integrity of the Group's internal controls and provides recommendations, if any, for the improvement of the control policies and procedures. The GIA and the Management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor continued compliance. For FY15, the GIA has conducted 14 audits on operational processes according to audit plan and 2 ad-hoc audits requested by the Management. The results of the internal audit assessments are reported quarterly to the Audit Committee.

Statement on Risk Management and Internal Control

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Delegate Authority Limits ("DAL")

The Board's approving authority on certain specified activities is delegated to the Management through a clearly defined DAL which is the primary instrument that governs and manages the business decision making process in the Group. This is to ensure accountability, segregation of duties and control over the Group's decision making process.

Quality Management System

Quality Management System which complies with ISO 9001:2008 Quality Management Systems Requirements is implemented in one of the Companies in the Group. Quality Assurance and Quality Control ("QAQC") Department is tasked to audit the operating units to ensure compliance to the ISO standards.

Policies and Procedures

Policies and procedures relating to human resources, finance, warehouse, procurement, project handling, information system, health, safety and environment for the operating units within the Group have been established. Regular reviews are performed to ensure that the policies and procedures remain current and relevant. The Group's policies are available on the Company's intranet for easy access by the employees.

Quality, Health, Safety, Security and Environment ("QHSSE")

The Corporate QHSSE Department is responsible for setting the overall direction on QHSSE implementation within the Group. It also monitors performance to ensure QHSSE risk are managed to as low as reasonably practicable.

For the financial year, the Group has achieved zero (0) Loss Time Injury ("LTI") incident. Yearly QHSSE meeting was organised by the QHSSE Department at the end of year 2014, attended by key personnel represented from each operation units to communicate the FY15 QHSSE plan. QHSSE Campaign for FY15 with the theme "Make Quality and HSSE as our culture" was conducted in the month of September 2015 to create the QHSSE awareness among the employees in the Company.

REVIEW BY THE BOARD

The Board review the effectiveness of risk management and internal controls system based on information from:

- Senior Management within the organisation responsible for the development and maintenance of the risk management framework and internal controls system; and
- The work by the internal audit function which submit reports to the Audit Committee together with the assessment of the internal controls system relating to key risks and recommendations for improvement.

The Board is satisfied that during the FY15, the existing risk management framework and internal controls system are sound and adequate to safeguard the Group's assets at the existing level of operation of the Group. The Board recognises that the development of risk management framework and internal controls system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of risk management and internal controls system.

Statement on Risk Management and Internal Control

(cont'd)

ASSURANCE TO THE BOARD

The Board received assurance from the Managing Director and Financial Officer that the Group's risk management and internal controls system are operating adequately and effectively, in all material aspects based on the risk management framework and internal controls system of the Group. During the financial year, the Board was not aware of any issues which would result in any material losses, deficiencies or errors arising from any inadequacy or failure of the internal controls system that would require disclosure in the Company's Annual Report. The Management will continue to take measures to strengthen the internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The statement is made in accordance with a resolution of the Board of Directors dated 12 April 2016.

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Directors' Report

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2015.

Principal activities

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. Other than the principal activities of an associate that became a subsidiary as disclosed in Note 6, there has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	172,170,314	11,393,736
Non-controlling interests	(1,493,258)	-
	170,677,056	11,393,736

Reserves and provisions

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

Dividends

Since the end of the previous year, the Company paid a second interim single-tier exempt dividend of RM0.035 per ordinary share of RM0.50 each totalling RM30,698,498 in respect of the year ended 31 December 2014 on 14 April 2015.

The Directors do not recommend any dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin
Datuk Ling Suk Kiong
Joe Ling Siew Loung @ Lin Shou Long
Gordon Kab @ Gudan Bin Kab
Chia Chu Fatt
Polit Bin Hamzah
Tuan Haji Abdul Aziz Bin Ishak
Jeanita Anak Gamang
Wong Ping Eng
Azlan Shah Bin Jaffril
Koh Ek Chong
Ali Bin Adai
Datuk Hasmi Bin Hasnan (resigned on 23.12.2015)

Directors' Report

for the year ended 31 December 2015 (cont'd)

Directors' interest in shares

The interests of the Directors, including the interests of their spouses or children who themselves are not directors of the Company, in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.1.2015	Number of ordinary shares of RM0.50 each			At 31.12.2015
		Bonus issue	Bought	Sold	
Direct interests in the Company					
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675	-	-	-	65,916,675
Datuk Ling Suk Kiong	77,279,130	-	-	-	77,279,130
Joe Ling Siew Loung @ Lin Shou Long	41,463,825	-	-	-	41,463,825
Gordon Kab @ Gudan Bin Kab	4,500	-	-	-	4,500
Chia Chu Fatt	166,405	-	-	-	166,405
Polit Bin Hamzah	269,530	-	-	-	269,530
Tuan Haji Abdul Aziz Bin Ishak	269,530	-	-	-	269,530

Deemed interests in the Company

Datuk Ling Suk Kiong) Joe Ling Siew Loung) @ Lin Shou Long)	61,262,687	-	-	-	61,262,687
--	------------	---	---	---	------------

The other Directors had no interests in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and of its subsidiaries) 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, other than certain Directors who have significant financial interests in companies which let/rented premises to certain companies in the Group in the ordinary course of business (see Note 35 to the financial statements).

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were neither changes in the authorised, issued and paid-up capitals of the Company, nor issuances of debentures by the Company, during the year.

Directors' Report

for the year ended 31 December 2015 (cont'd)

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision need be made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) 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, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the year, other than as disclosed in Note 40 (a) to the financial statements.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year other than as disclosed in Note 20 to the financial statements which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for property, plant and equipment written off of RM36 million as well as recognition of other non-operating income of RM108 million, as disclosed in Note 3 and Note 24 respectively to the financial statements, the financial performance of the Group and of the Company for the year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that year and the date of this report.

Significant events

The details of the significant events are disclosed in Note 39 to the financial statements.

Subsequent events

The details of the subsequent events are disclosed in Note 40 to the financial statements.

Directors' Report

for the year ended 31 December 2015 (cont'd)

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

.....
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin

.....
Datuk Ling Suk Kiong

Miri,

Date:

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 59 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 41 on page 144 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin

.....
Datuk Ling Suk Kiong

Miri,

Date:

Statutory Declaration

I, **Datuk Ling Suk Kiong**, the Director primarily responsible for the financial management of Dayang Enterprise Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 59 to 144 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 by the abovenamed in Miri in the State of Sarawak

on

.....
Datuk Ling Suk Kiong

Before me:

Independent Auditors' Report

Report on the Financial Statements

We have audited the financial statements of Dayang Enterprise Holdings Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 143.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 40 (a) in the financial statements which disclosed the subsidiary of the Group, which was acquired during the year, had entered into two separate memorandum of agreement ("MOA") with a third party ("Seller") in June 2014 to purchase two units of work barges amounting to USD42 million each. Pursuant to the terms of the MOA, the said subsidiary of the Group had paid 20% of the purchase price of each work barge amounting to USD16.8 million as upfront deposits. On 28 March 2016, the subsidiary formally informed the Seller that it has terminated one of the MOA for one the work barge that was due for delivery on 28 February 2016. Pursuant to the terms of the MOA, the Seller has a right of forfeiture of the upfront deposit paid, and accordingly, the Group has written off the deposit of USD8.4 million, equivalent to RM36.1 million (see Note 3) in the financial statements. The Group received a notification dated 5 April 2016 from the Seller viewing the termination of the contract by the Group as wrongful and to forfeit the deposits paid, in addition to reserving all its rights under the MOA. As at the date these financial statements were authorised for issue, the Group has not become aware of any formal legal proceedings by the Seller.

Independent Auditors' Report

(cont'd)

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 purpose 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) Our 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 Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 41 on page 144 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matter

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.

KPMG

Firm Number: AF 0758
Chartered Accountants

Nicholas Chia Wei Chit

Approval Number: 3102/03/18 (J)
Chartered Accountant

Kuching,

Date:

Statement of Financial Position

as at 31 December 2015

	Note	2015 RM	Group 2014 RM Restated	2015 RM	Company 2014 RM
Assets					
Property, plant and equipment	3	1,853,733,229	470,983,010	5,678	10,018
Prepaid lease payments	4	10,490,744	10,858,840	-	-
Intangible assets	5	42,945,737	-	-	-
Investment in subsidiaries	6	-	-	1,170,051,843	122,913,259
Investment in associates	7	2	240,868,066	2	198,381,374
Deposit	8	75,357,011	-	-	-
Goodwill	9	755,250,174	-	-	-
Trade and other receivables	10	-	-	57,624,436	100,201,821
Deferred tax asset	11	13,314,723	1,874,000	-	-
Total non-current assets		2,751,091,620	724,583,916	1,227,681,959	421,506,472
Inventories	12	6,885,827	6,161,127	-	-
Trade and other receivables	10	278,419,599	302,970,344	17,517,967	53,348,823
Other investments	13	1,447,482	76,501,831	1,447,482	76,501,831
Deposits and prepayments	14	19,023,342	14,697,288	3,622,033	188,700
Current tax assets		5,703,047	-	-	-
Cash and cash equivalents	15	238,260,931	194,896,212	18,277,568	52,828,662
Total current assets		549,740,228	595,226,802	40,865,050	182,868,016
Total assets		3,300,831,848	1,319,810,718	1,268,547,009	604,374,488
Equity					
Share capital		438,549,968	438,549,968	438,549,968	438,549,968
Share premium		146,686,474	146,686,474	146,686,474	146,686,474
Accumulated reserves/(loss)		516,381,196	374,909,380	(590,326)	18,714,436
Other reserve		87,238,263	7,746,945	-	-
Non-controlling interest	6	7,778,120	-	-	-
Total equity attributable to owners of the Company	16	1,196,634,021	967,892,767	584,646,116	603,950,878

Statement of Financial Position as at 31 December 2015

(cont'd)

			Group		Company
	Note	2015 RM	2014 RM Restated	2015 RM	2014 RM
Liabilities					
Loans and borrowings	17	1,317,580,774	69,004,473	629,391,000	-
Deferred tax liabilities	11	22,410,090	5,518,000	-	-
Derivative liability	18	77,324	-	-	-
Total non-current liabilities		1,340,068,188	74,522,473	629,391,000	-
Loans and borrowings	17	487,610,398	84,865,090	45,000,000	-
Trade and other payables	19	151,623,103	189,069,431	9,373,421	312,022
Current tax liabilities	20	124,896,138	3,460,957	136,472	111,588
Total current liabilities		764,129,639	277,395,478	54,509,893	423,610
Total liabilities		2,104,197,827	351,917,951	683,900,893	423,610
Total equity and liabilities		3,300,831,848	1,319,810,718	1,268,547,009	604,374,488

The notes on pages 70 to 144 are an integral part of these financial statements.

Statement of Profit or Loss & Other Comprehensive Income

for the year ended 31 December 2015

	Note	2015 RM	Group 2014 RM Restated	Company 2015 RM	2014 RM
Revenue	21	778,577,023	876,869,742	35,140,000	66,406,606
Cost of services		(441,888,909)	(576,507,849)	(8,731,000)	(1,963,628)
Gross profit		336,688,114	300,361,893	26,409,000	64,442,978
Other income		7,027,219	1,625,431	1,302,635	857,033
Administrative expenses		(139,548,013)	(101,980,406)	(1,981,580)	(1,969,580)
Other expenses	22	(48,398,957)	(400,930)	-	-
Results from operating activities	23	155,768,363	199,605,988	25,730,055	63,330,431
Other non-operating income	24	108,975,161	31,467	-	-
Finance income	25	5,899,918	3,148,733	2,754,427	3,065,411
Finance costs	25	(60,933,834)	(7,190,648)	(15,494,714)	(675,123)
Net finance (costs)/income		(55,033,916)	(4,041,915)	(12,740,287)	2,390,288
Share of (loss)/profit of equity - accounted associate, net of tax	7	(6,270,000)	23,010,103	-	-
Profit before tax		203,439,608	218,605,643	12,989,768	65,720,719
Income tax expense	26	(32,762,552)	(37,529,524)	(1,596,032)	(1,728,569)
Profit for the year		170,677,056	181,076,119	11,393,736	63,992,150
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Share of other comprehensive (expenses)/ income of equity-accounted associate	7	16,290,000	3,575,195	-	-
Reclassification of fair value reserve to profit or loss	27	(24,036,945)	-	-	-
Foreign currency translation		88,903,987	-	-	-
Cash flow hedge		101,959	-	-	-
Other comprehensive income for the year		81,259,001	3,575,195	-	-
Total comprehensive income for the year		251,936,057	184,651,314	11,393,736	63,992,150

Statement of Profit or Loss & Other Comprehensive Income

for the year ended 31 December 2015 (cont'd)

	Note	2015 RM	Group 2014 RM Restated	2015 RM	Company 2014 RM
Profit attributable to:					
Owners of the Company		172,170,314	181,076,119	11,393,736	63,992,150
Non-controlling interest	6	(1,493,258)	-	-	-
Profit for the year		170,677,056	181,076,119	11,393,736	63,992,150
Total comprehensive income attributable to:					
Owners of the Company		251,661,632	184,651,314	11,393,736	63,992,150
Non-controlling interest		274,425	-	-	-
Total comprehensive income for the year		251,936,057	184,651,314	11,393,736	63,992,150
Basic and diluted earnings per ordinary share (sen)	29	19.62	21.60		

The notes on pages 70 to 144 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the year ended 31 December 2015

Group	Note	Attributable to owners of the Company					Total Non-controlling equity RM	Total Non-controlling interest RM	Total RM
		[-----Non-distributable-----]		Distributable					
		Share capital RM	Share premium RM	Other reserve RM	Retained earnings RM				
At 1 January 2014, as previously stated		275,000,000	109,016,407	4,055,000	278,358,290	666,429,697	-	666,429,697	
Prior year adjustments	37	-	-	116,750	1,829,389	1,946,139	-	1,946,139	
At 1 January 2014, restated		275,000,000	109,016,407	4,171,750	280,187,679	668,375,836	-	668,375,836	
Share of other comprehensive income of equity-accounted associate									
Profit for the year	7	-	-	3,337,000	-	3,337,000	-	3,337,000	
- as previously stated		-	-	-	180,132,014	180,132,014	-	180,132,014	
Total comprehensive income									
prior year adjustment for the year		-	-	3,337,000	180,132,014	183,469,014	-	183,469,014	
Bonus issue (net of bonus issue expenses)	16.3	137,499,968	(109,016,407)	-	(28,604,422)	(120,861)	-	(120,861)	
Issuance of ordinary shares under private placements									
(net of placement issue expenses)	16.4	26,050,000	146,686,474	-	-	172,736,474	-	172,736,474	
Dividends to owners of the Company	30	-	-	-	(57,749,996)	(57,749,996)	-	(57,749,996)	
At 31 December 2014		438,549,968	146,686,474	7,508,750	373,965,275	966,710,467	-	966,710,467	
Prior year adjustments	7, 37	-	-	238,195	944,105	1,182,300	-	1,182,300	
At 31 December 2014, restated		438,549,968	146,686,474	7,746,945	374,909,380	967,892,767	-	967,892,767	

Consolidated Statement of Changes In Equity

for the year ended 31 December 2015 (cont'd)

Group (cont'd)	Note	Attributable to owners of the Company					Non-controlling interest	Total equity
		Share capital	Share premium	Other reserve	Retained earnings	Total		
		RM	RM	RM	RM	RM	RM	RM
At 1 January 2015, restated		438,549,968	146,686,474	7,746,945	374,909,380	967,892,767	-	967,892,767
Total comprehensive income		-	-	16,290,000	-	16,290,000	-	16,290,000
Share of other comprehensive income of equity-accounted associate	7	-	-	-	172,170,314	172,170,314	(1,493,258)	170,677,056
Profit for the year		-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations		-	-	87,138,328	-	87,138,328	1,765,659	88,903,987
Cash flow hedge		-	-	99,935	-	99,935	2,024	101,959
Remeasurement of financial assets reclassified to income statement		-	-	(24,036,945)	-	(24,036,945)	-	(24,036,945)
Total comprehensive income for the year		-	-	79,491,318	172,170,314	251,661,632	274,425	251,936,057
Dividends to owners of the Company	30	-	-	-	(30,698,498)	(30,698,498)	-	(30,698,498)
Changes in ownership interests in a subsidiary		-	-	-	-	-	7,503,695	7,503,695
At 31 December 2015		438,549,968	146,686,474	87,238,263	516,381,196	1,188,855,901	7,778,120	1,196,634,021
		(Note 16)	(Note 16)	(Note 16)	(Note 16)	(Note 16)		

Consolidated Statement of Changes In Equity

for the year ended 31 December 2015 (cont'd)

Company	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM		
At 1 January 2014		275,000,000	109,016,407	41,076,704	425,093,111	
Total comprehensive income for the year						
Bonus issue (net of bonus issue expenses)	16.3	-	-	63,992,150	63,992,150	
Issuance of ordinary shares under private placements (net of placement issue expenses)	16.4	137,499,968	(109,016,407)	(28,604,422)	(120,861)	
Dividends to owners of the Company	30	26,050,000	146,686,474	-	172,736,474	
		-	-	(57,749,996)	(57,749,996)	
At 31 December 2014		438,549,968	146,686,474	18,714,436	603,950,878	

Consolidated Statement of Changes In Equity

for the year ended 31 December 2015 (cont'd)

Company (cont'd)	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM		
1 January 2015		438,549,968	146,686,474	18,714,436		603,950,878
Total comprehensive income for the year		-	-	11,393,736		11,393,736
Dividends to owners of the Company	30	-	-	(30,698,498)		(30,698,498)
At 31 December 2015		438,549,968	146,686,474	(590,326)		584,646,116
		(Note 16)	(Note 16)			

The notes on pages 70 to 144 are an integral part of these financial statements.

Statement of Cash Flow

for the year ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM Restated	2015 RM	2014 RM
Cash flows from operating activities					
Profit before tax		203,439,608	218,605,643	12,989,768	65,720,719
Adjustments for:					
Amortisation of prepaid lease payments	4	368,096	368,096	-	-
Amortisation of intangible assets	5	7,159,667	-	-	-
Change in fair value of other investments		(1,302,635)	(857,033)	(1,302,635)	(857,033)
Depreciation of property, plant and equipment	3	99,796,203	40,992,076	4,340	4,343
Dividend income	21	-	-	(30,940,000)	(62,206,606)
Gain on disposal of property, plant and equipment		(41,213)	(494,431)	-	-
Fair value of existing interest in acquiree	36	(84,938,215)	-	-	-
Finance costs	25	60,933,834	7,190,648	15,494,714	675,123
Finance income	25	(5,899,918)	(3,148,733)	(2,754,427)	(3,065,411)
Property, plant and equipment written off		36,555,886	199,068	-	-
Unrealised foreign exchange differences		475,943	-	-	-
Remeasurement of fair value reserve reclassified to profit or loss		(7,746,945)	-	-	-
Share of profit of equity accounted associate, net of tax	7	(10,020,000)	(23,010,103)	-	-
Operating profit/(loss) before changes in working capital		298,780,311	239,845,231	(6,508,240)	271,135
Changes in working capital:					
Inventories		1,520,088	(2,940,620)	-	-
Trade and other payables		(82,946,368)	(3,460,838)	9,061,399	204,475
Trade and other receivables, deposits and prepayments		107,641,359	(19,985,978)	76,397,523	(11,146,258)
Cash generated from/ (used in) operations		324,995,390	213,457,795	78,950,682	(10,670,648)
Income tax paid		(36,980,686)	(36,923,611)	(1,571,148)	(1,745,618)
Interest paid		(2,749,866)	(3,718,297)	-	-
Interest received		5,899,918	3,148,733	1,331,812	864,063
Net cash from/(used in) operating activities		291,164,756	175,964,620	78,711,346	(11,552,203)

Statement of Cash Flow

for the year ended 31 December 2015 (cont'd)

	Note	2015 RM	Group 2014 RM Restated	2015 RM	Company 2014 RM
Cash flows from investing activities					
Increase in investment in an existing associate/ acquisition of associate		-	(51,047,095)	-	(51,047,095)
Acquisition of other investments		-	(60,000,000)	-	(60,000,000)
Acquisition of property, plant and equipment, net of interest capitalised	(i)	(42,631,060)	(119,118,206)	-	(8,300)
Acquisition of subsidiary, net of cash and cash equivalents acquired	36	(1,055,698,558)	-	(848,757,212)	-
Dividends received		-	-	30,940,000	57,980,000
Dividends received from quoted associate		-	4,226,606	-	4,226,606
Proceeds from disposal of other investments		76,356,984	-	76,356,984	-
Proceeds from disposal of associate		250,888,064	-	-	-
Proceeds from disposal of property, plant and equipment		186,613	526,000	-	-
Placement of fixed deposits pledged		(2,229,026)	-	-	-
Net cash used in investing activities		(773,126,983)	(225,412,695)	(741,460,228)	(48,848,789)
Cash flows from financing activities					
Dividends paid to owners of the Company		(30,698,498)	(57,749,996)	(30,698,498)	(57,749,996)
Proceeds from borrowings		674,391,000	80,296,000	674,391,000	-
Repayment of borrowings		(88,892,838)	(48,730,106)	-	(20,000,000)
Proceeds from private placement of shares		-	175,577,000	-	175,577,000
Share issue expenses		-	(2,961,387)	-	(2,961,387)
Term loan interest paid		(58,431,749)	(3,998,705)	(15,494,714)	(675,123)
Net cash from financing activities		496,367,915	142,432,806	628,197,788	94,190,494
Net increase/(decrease) in cash and cash equivalents		14,405,688	92,984,731	(34,551,094)	33,789,502
Effect of exchange rate fluctuation on cash held		9,012,672	-	-	-
Cash and cash equivalents at 1 January		194,896,212	101,911,481	52,828,662	19,039,160
Cash and cash equivalents at 31 December		218,314,572	194,896,212	18,277,568	52,828,662

Statement of Cash Flow

for the year ended 31 December 2015 (cont'd)

Note

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2015 RM	2014 RM Restated	2015 RM	2014 RM
Deposits placed with licensed banks	70,127,228	157,789,927	-	46,237,098
Cash in hand and at banks	168,133,703	37,106,285	18,277,568	6,591,564
Sub-total (Note 15)	238,260,931	194,896,212	18,277,568	52,828,662
Less: Deposits pledged as security	(19,946,359)	-	-	-
Cash and cash equivalents	218,314,572	194,896,212	18,277,568	52,828,662

Note (i) - Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment in the following manners:

	2015 RM	2014 RM
Paid in cash	42,631,060	119,118,206
Interest capitalised (Note 25)	247,781	526,354
Total (see Note 3)	42,878,841	119,644,560

The notes on pages 70 to 144 are an integral part of these financial statements.

Notes to the Financial Statements

Dayang Enterprise Holdings Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office as well as the principal place of business of the Company is Sublot 5-10, Lot 46, Block 10, Jalan Taman Raja, Miri Concession Land District, 98000 Miri, Sarawak.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "group entities") and the Group's interest in associates.

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 12 April 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 5, <i>Non-Current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to MFRS 7, <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> , MFRS 12, <i>Disclosure of Interests in Other Entities</i> and MFRS 128, <i>Investments in Associates and Joint Ventures</i>	1 January 2016
Amendments to MFRS 11, <i>Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
MFRS 14, <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 101, <i>Presentation of Financial Statements</i>	1 January 2016
Amendments to MFRS 116, <i>Property, Plant and Equipment</i> and MFRS 138, <i>Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116, <i>Property, Plant and Equipment</i> and MFRS 141, <i>Agriculture - Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 119, <i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016

Notes to the Financial Statements

(cont'd)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRS / Amendment / Interpretation	Effective Date
Amendments to MFRS 127, <i>Separate Financial Statements - Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 134, <i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
MFRS 9, <i>Financial Instruments (2015)</i>	1 January 2018
MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2016, except for Amendments to MFRS 5, Amendments to MFRS 11, MFRS 14 and Amendments to MFRS 141, which are assessed as presently not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2018.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services*.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact that may arise from adoption of MFRS 15.

(ii) MFRS 9, Financial Instruments

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

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

Notes to the Financial Statements

(cont'd)

1. Basis of preparation (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

The Group and the Company has prepared its financial statements on a going concern basis, notwithstanding that the current liabilities exceeded its current assets by RM214 million and RM14 million respectively.

The Group is in the process of carrying out action plans in order to address the net current liabilities position, amongst which include, to refinance the existing loans and borrowings.

The subsidiary of the Group has obtained an offer letter for Islamic bond or Sukuk programme to raise up to RM650 million for refinancing purpose subsequent to the financial year ended as disclosed in Note 40 (b) to the financial statements. The proceeds from the bond issuance will be used to refinance part of its outstanding borrowings especially the short term borrowings.

At the time of this report, there is no reason for the Directors to believe that the preparation of financial statements of the Group and the Company on a going basis is inappropriate. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than business combination in Note 36.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has right, to variable returns from its involvement with entity and has the ability to affect those returns its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Loss of control

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

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies thereof.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to make or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) *Non-controlling interests*

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) *Transactions eliminated on consolidation*

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

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment to the underlying assets.

(b) Financial instruments

(i) *Initial recognition and measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

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

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(b) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(b) Financial instruments (cont'd)

(iii) Financial instrument categories and subsequent measurement (cont'd)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment [see Note 2(h)(i)].

Financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss, are subsequently measured at amortised cost.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

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

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

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

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

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(b) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets (cont'd)

- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs (see Note 2(l)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "administrative expenses" respectively in profit or loss.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of the other assets for the current and comparative periods are as follows:

Buildings	20 years
Marine vessels	25 years
Onboard equipment	10 years
Dry docking expenditures	5 years
Containers	10 years
Offshore equipment	5 years
Furniture and fittings	10 years
Office equipment	2.5 - 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

The policy for dry docking expenditures included in the marine vessels are stated in Note 2(m).

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, a leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset [see Note 2(c)].

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(d) Leased assets (cont'd)

(i) Finance lease (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

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

(iii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(f) Inventories

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

Cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group or the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(h) Impairment (cont'd)

(i) Financial assets (cont'd)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories [refer Note 2(f)]) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

Contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(j) Revenue and other income

(i) Services

Revenue from provision of continuing services under the services contracts are recognised in profit or loss as the services are rendered when there is no significant uncertainty over its collection.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Management fees

Management fees are charged monthly by the Company to its subsidiaries based on services rendered and recognised in profit or loss when charged.

(iv) Vessel chartering income

Vessel chartering income is recognised in profit or loss as it accrues, at contracted rates.

(v) Catering income

Revenue from catering of food and beverages is recognised in profit or loss upon the delivery of the food and beverages.

(vi) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method, except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(k) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(m) Repairs and maintenance

Repairs and maintenance costs are recognised in the statement of profit or loss in the period they are incurred. Dry docking expenditure is capitalised and depreciated over a period of 5 years.

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares.

(p) Operating segments

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

(q) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(r) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

Notes to the Financial Statements

(cont'd)

2. Significant accounting policies (cont'd)

(s) Fair value measurements (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs or the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment

Group	Long-term leasehold land (unexpired term more than 50 years)	Buildings	Marine vessels, onboard equipment and dry docking expenditure	Containers	Offshore equipment	Furniture and fittings	Subtotal
	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1 January 2014	2,433,623	3,136,142	274,646,329	5,390,261	83,995,882	11,508,551	381,110,788
Additions	14,800,000	-	5,564,851	11,093,534	33,750,801	1,928,510	67,137,696
Disposals	-	-	-	-	(579,231)	-	(579,231)
Write-offs	-	-	-	-	(94,568)	(371,805)	(466,373)
Transfers	-	12,722,882	73,636,414	-	-	-	86,359,296
At 31 December 2014/1 January 2015	17,233,623	15,859,024	353,847,594	16,483,795	117,072,884	13,065,256	533,562,176
Acquisition through business combination (Note 36)	-	2,638,555	1,212,851,516	-	-	225,633	1,215,715,704
Other additions	-	-	8,646,136	527,000	2,280,451	816,176	12,269,763
Disposals	-	-	-	-	-	(115,160)	(115,160)
Write-offs	-	-	-	-	-	(97,134)	(97,134)
Transfers	-	7,898,648	77,536,356	-	-	1,536,757	86,971,761
Effect of movements in exchange rate	-	-	262,305,914	-	-	37,763	262,343,677
At 31 December 2015	17,233,623	26,396,227	1,915,187,516	17,010,795	119,353,335	15,469,291	2,110,650,787

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment

Group	Subtotal RM	Office equipment RM	Motor vehicles RM	Cabin field and workshop equipment RM	Others RM	Marine vessels and building under construction RM	Total RM
Cost							
At 1 January 2014	381,110,788	4,271,420	7,478,335	-	-	104,935,155	497,795,698
Additions	67,137,696	1,000,770	2,810,716	-	-	48,695,378	119,644,560
Disposals	(579,231)	-	(821,120)	-	-	-	(1,400,351)
Write-offs	(466,373)	(7,026)	(97,600)	-	-	-	(570,999)
Transfers	86,359,296	-	-	-	-	(86,359,296)	-
At 31 December 2014/ 1 January 2015	533,562,176	5,265,164	9,370,331	-	-	67,271,237	615,468,908
Acquisition through business combination (Note 36)	1,215,715,704	648,983	512,588	14,693	606,542	32,075,400	1,249,573,910
Other additions	12,269,763	661,067	991,341	-	420,059	28,536,611	42,878,841
Disposals	(115,160)	(6,590)	(67,489)	-	(26,147)	-	(215,386)
Write-offs	(97,134)	(129,520)	-	-	(328,921)	(36,069,600)	(36,625,175)
Transfers	86,971,761	-	-	-	-	(86,971,761)	-
Effect of movements in exchange rate	262,343,677	9,832	-	-	94,969	7,988,400	270,436,878
At 31 December 2015	2,110,650,787	6,448,936	10,806,771	14,693	766,502	12,830,287	2,141,517,976

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment (cont'd)

Group (cont'd)	Long-term leasehold land (unexpired term more than 50 years) RM	Marine vessels, onboard equipment and dry docking expenditure RM	Buildings RM	Containers RM	Offshore equipment RM	Furniture and fittings RM	Subtotal RM
Depreciation and impairment loss							
At 1 January 2014	14,435	65,356,247	558,124	2,252,258	25,365,341	3,957,349	97,503,754
Depreciation for the year (Note 23)	21,159	16,727,187	156,807	1,133,032	19,956,237	1,135,517	39,129,939
Disposals	-	-	-	-	(573,326)	-	(573,326)
Write-offs	-	-	-	-	(88,469)	(178,840)	(267,309)
At 31 December 2014/ 1 January 2015	35,594	82,083,434	714,931	3,385,290	44,659,783	4,914,026	135,793,058
Depreciation for the year (Note 23)	21,159	71,951,707	1,628,086	1,492,297	20,990,856	1,399,298	97,483,403
Disposals	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
Effect of movements in exchange rate	-	43,556,038	-	-	-	19,681	43,575,719
At 31 December 2015	56,753	197,591,179	2,343,017	4,877,587	65,650,639	6,333,005	276,852,180
At 31 December 2015	56,753	193,591,179	2,343,017	4,877,587	65,650,639	6,333,005	272,852,180
Accumulated depreciation	-	4,000,000	-	-	-	-	4,000,000
Accumulated impairment loss	56,753	197,591,179	2,343,017	4,877,587	65,650,639	6,333,005	276,852,180

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment (cont'd)

Group (cont'd)	Subtotal RM	Office equipment RM	Motor vehicles RM	Cabin field and workshop equipment RM	Others RM	Marine vessels and building under construction RM	Total RM
Depreciation and impairment loss							
At 1 January 2014	97,503,754	2,925,624	4,805,157	-	-	-	105,234,535
Depreciation for the year (Note 23)	39,129,939	688,950	1,173,187	-	-	-	40,992,076
Disposals	(573,326)	-	(795,456)	-	-	-	(1,368,782)
Write-offs	(267,309)	(7,023)	(97,599)	-	-	-	(371,931)
At 31 December 2014/ 1 January 2015	135,793,058	3,607,551	5,085,289	-	-	-	144,485,898
Depreciation for the year (Note 23)	97,483,403	888,759	1,296,509	1,900	125,632	-	99,796,203
Disposals	-	(2,498)	(67,488)	-	-	-	(69,986)
Write-offs	-	(69,289)	-	-	-	-	(69,289)
Effect of movements in- exchange rate	43,575,719	3,410	-	-	62,792	-	43,641,921
At 31 December 2015	276,852,180	4,427,933	6,314,310	1,900	188,424	-	287,784,747
At 31 December 2015							
Accumulated depreciation	272,852,180	4,427,933	6,314,310	1,900	188,424	-	283,784,747
Accumulated impairment loss	4,000,000	-	-	-	-	-	4,000,000
At 31 December 2015	276,852,180	4,427,933	6,314,310	1,900	188,424	-	287,784,747

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment (cont'd)

Group (cont'd)	Long-term leasehold land (unexpired term more than 50 years) RM	Marine vessels, onboard equipment and dry docking expenditure RM	Buildings RM	Containers RM	Offshore equipment RM	Furniture and fittings RM	Subtotal RM
<i>Carrying amount</i>							
At 31 December 2014	17,198,029	271,764,160	15,144,093	13,098,505	72,413,101	8,151,230	397,769,118
At 31 December 2015	17,176,870	1,717,596,337	24,053,210	12,133,208	53,702,696	9,136,286	1,833,798,607

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment (cont'd)

Group (cont'd)	Subtotal RM	Office equipment RM	Motor vehicles RM	Cabin and field workshop equipment RM	Others RM	Marine vessels and building under construction RM	Total RM
Carrying amount							
At 31 December 2014	397,769,118	1,657,613	4,285,042	-	-	67,271,237	470,983,010
At 31 December 2015	1,833,798,607	2,021,003	4,492,461	12,793	578,078	12,830,287	1,853,733,229

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment (cont'd)

<u>Company</u>	<u>Note</u>	<u>Furniture and fittings RM</u>
Cost		
At 1 January 2014		10,364
Additions		8,300
At 31 December 2014/1 January 2015		18,664
Additions		-
At 31 December 2015		18,664
Accumulated depreciation		
At 1 January 2014		4,303
Depreciation for the year	23	4,343
At 31 December 2014/1 January 2015		8,646
Depreciation for the year	23	4,340
At 31 December 2015		12,986
Carrying amount		
At 31 December 2014		10,018
At 31 December 2015		5,678

3.1 Leasehold land

The lease term of both leasehold lands will expire on 2 April 2851 and 30 June 2824 respectively.

3.2 Carrying amount of property, plant and equipment under finance lease liabilities

Four (2014: nil) marine vessels with a total carrying amount of RM343.8 million are under finance lease liabilities.

3.3 Security - Group

Nineteen (2014: Six) marine vessels with a total carrying amount of RM1,236 million (2014: RM242 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group (see Note 17).

3.4 Assets under construction

The subsidiary of the Group had entered into two memorandum of agreement with a third party on 23 June 2014 to purchase two units of work barge amounting to USD42 million each. The subsidiary of the Group had paid 20% of the purchase price of each work barge amounting to USD8.4 million each as deposit.

Notes to the Financial Statements

(cont'd)

3. Property, plant and equipment (cont'd)

3.4 Assets under construction (cont'd)

On 28 March 2016, the Group formally informed the third party that it decided not to take delivery of one of the two units of work barge which resulted in the forfeiture of the deposits placed of USD8.4 million, equivalent to RM36,069,600 (see Note 40). The forfeited deposit has been written off to the profit or loss account as at year end (see Note 22).

3.5 Capitalisation of term loan interest - Group

Included in marine vessels construction is an amount of term loan interest capitalised amounting to RM247,781 (2014: RM526,354).

4. Prepaid lease payments - Group

	Note	Leasehold land (unexpired term less than 50 years) RM
Cost		
At 1 January 2014, 31 December 2014/1 January 2015 and 31 December 2015		11,779,080
Amortisation		
At 1 January 2014		552,144
Amortisation for the year	23	368,096
At 31 December 2014/1 January 2015		920,240
Amortisation for the year	23	368,096
At 31 December 2015		1,288,336
Carrying amount		
At 31 December 2014		10,858,840
At 31 December 2015		10,490,744

Notes to the Financial Statements

(cont'd)

5. Intangible assets - Group

	Vessel contracts RM
Cost	
At 1 January 2015	-
Acquisition through business combination (Note 36)	50,105,404
At 31 December 2015	50,105,404
Amortisation	
At 1 January 2015	-
Amortisation for the year (Note 23)	7,159,667
At 31 December 2015	7,159,667
Carrying amount	
At 31 December 2015	42,945,737

The intangible assets arose from the existing charter contracts between Perdana Petroleum Berhad and its customers, which are expiring in 2018.

6. Investment in subsidiaries

	2015 RM	2014 RM
At cost		
Unquoted shares	122,913,259	122,913,259
Quoted shares in Malaysia	1,047,138,584	-
	1,170,051,843	122,913,259
Market value		
Quoted shares in Malaysia	1,047,138,584	-

Notes to the Financial Statements

(cont'd)

6. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Effective ownership interest and voting interest	
			2015 %	2014 %
<u>Direct subsidiaries</u>				
Dayang Enterprise Sdn. Bhd.	Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning services	Malaysia	100	100
DESB Marine Services Sdn. Bhd.	Chartering of marine vessels and catering of food and beverage	Malaysia	100	100
Fortune Triumph Sdn. Bhd.	Equipment hire	Malaysia	100	100
Perdana Petroleum Berhad ("PPB")**	Investment holding	Malaysia	98.01	-
<u>Subsidiaries of PPB</u>				
Intra Oil Services Berhad	Provision of marine support services for the oil and gas industry	Malaysia	100	-
Ampangship Marine Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	100	-
Perdana Nautika Sdn. Bhd.	Provision of marine support services for the oil and gas industry	Malaysia	100	-
Petra Offshore Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	100	-
Perdana Jupiter Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	100	-
Perdana Neptune Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	100	-

Notes to the Financial Statements

(cont'd)

6. Investment in subsidiaries (cont'd)

Name of company	Principal activities	Place of incorporation	Effective ownership interest and voting interest	
			2015 %	2014 %
<u>Subsidiaries of PPB (cont'd)</u>				
Perdana Pluto Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	100	-
Perdana Saturn Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	100	-
Perdana Earth Limited	Provision of leasing business activities in Labuan	Federal Territory of Labuan, Malaysia	100	-
Perdana Marine Offshore Pte. Ltd.^^	Provision of marine support services for the oil and gas industry	The Republic of Singapore	100	-
Perdana Mercury Limited	Provision of marine support services for the oil and gas industry	The Republic of the Marshall Island	100	-
Perdana Venus Limited	Provision of marine support services for the oil and gas industry	The Republic of the Marshall Island	100	-
Perdana Mars Limited	Dormant	Federal Territory of Labuan, Malaysia	100	-
Perdana Uranus Limited	Dormant	Federal Territory of Labuan, Malaysia	100	-
Odin Explorer Navigation Limited	Dormant	The British Virgin Island	100	-
Geoseas Technologies Limited	Dormant	The British Virgin Island	51	-

Notes to the Financial Statements

(cont'd)

6. Investment in subsidiaries (cont'd)

****** On 2 July 2015, the Company's shareholdings in PPB has exceeded 33% of the voting shares in PPB. This action has triggered a mandatory general offer as threshold of 33% has been reached. Pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 ("CMSA") and Section 9(1)(a), Part III of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code"), the Company has therefore extended a conditional take-over offer to acquire the following:

- a) All the remaining PPB shares not already owned by the Company after the Acquisition and such number of new PPB shares that may be issued pursuant to the exercise of any outstanding PPB warrants prior to the close of the Offer for a cash offer price of RM1.55 per offer share; and
- b) All the remaining PPB warrants not already owned by the Company for cash offer price of RM0.84 per offer warrant.

On 24 July 2015, the Company's voting shares has reached 51.2% in PPB after receiving valid acceptances for 126,631,820 Offer Shares, PPB consequently ceased to be an associate to the Company and became a subsidiary of the Company.

As at 31 December 2015, the Company holds in total 763,015,248 ordinary shares of RM0.50 each in PPB, representing 98.01% of the issued and paid up share capital of PPB.

^^ Not audited by member firms of KPMG International.

Non-controlling interest in a subsidiary

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Perdana Petroleum Berhad RM
2015	
NCI percentage of ownership interest and voting interest	1.99%
Carrying amount of NCI	7,778,120
Loss allocated to NCI	1,493,258

Notes to the Financial Statements

(cont'd)

6. Investment in subsidiaries (cont'd)

Summarised financial information before intra-group elimination

	2015 Perdana Petroleum Berhad RM
As at 31 December	
Non-current assets	1,682,372,351
Current assets	116,601,133
Non-current liabilities	(773,223,746)
Current liabilities	(277,857,968)
Net assets	747,891,770
Year ended 31 December	
Revenue	81,749,165
Loss for the year	(97,457,589)
Total comprehensive expense	(8,451,643)
Cash flows from operating activities	104,309,000
Cash flows from investing activities	(22,454,000)
Cash flows from financing activities	(190,847,000)
Net decrease in cash and cash equivalents	(108,992,000)

7. Investment in associates

	2015 RM	Group 2014 RM Restated	2015 RM	Company 2014 RM
At cost				
Unquoted shares	2	2	2	2
Quoted shares in Malaysia	-	198,381,372	-	198,381,372
Share of post acquisition reserves	-	42,486,692	-	-
	2	240,868,066	2	198,381,374
Market value				
Quoted shares in Malaysia	-	200,796,536	-	200,796,536

Notes to the Financial Statements

(cont'd)

7. Investment in associates (cont'd)

Details of the associates are as follows:

Name of Company	Principal activities	Country of incorporation	Effective ownership interest and voting interest	
			2015 %	2014 %
Alpha Dayang (B) Sdn. Bhd.*	Dormant	Brunei	50	50
Perdana Petroleum Berhad**	Investment holding	Malaysia	-	28.61

* The associate is presently dormant and has not made up its management accounts to date. A company incorporated in Brunei need not submit audited financial statements during the period of dormancy. As a consequence, the financial information on the associate is not presented. The Company had applied voluntary winding up and is deemed dissolve on 29 February 2016.

** During the year, the Company has acquired additional 33,523,700 ordinary shares of RM0.50 in Perdana Petroleum Berhad ("PPB") from open market. This action has subsequently triggers a mandatory general offer as threshold of 33% has been reached. Pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 ("CMSA") and Section 9(1)(a), Part III of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code"). See Note 6 for details.

The following table summarises carrying amount of the Group's interest in the former associates.

Group 2015	Perdana Petroleum Berhad RM	Other individually immaterial associate RM	Total RM
Reconciliation of net assets to carrying amount			
Group's share of net assets	-	2	2
Carrying amount in the statement of financial position	-	2	2
Group's share of results Year ended 24 July			
Group's share of loss for the year	(6,270,000)	-	(6,270,000)
Group's share of other comprehensive income	16,290,000	-	16,290,000
Group's share of total comprehensive income	10,020,000	-	10,020,000

Notes to the Financial Statements

(cont'd)

7. Investment in associates (cont'd)

Group 2014	Perdana Petroleum Berhad RM	Other individually immaterial associate RM	Total RM
Reconciliation of net assets to carrying amount (restated)			
Group's share of net assets	197,169,431	2	197,169,433
Goodwill	43,698,633	-	43,698,633
Carrying amount in the statement of financial position	240,868,064	2	240,868,066
Group's share of results Year ended 31 December			
Group's share of profit for the year	23,010,103	-	23,010,103
Group's share of other comprehensive income	3,575,195	-	3,575,195
Group's share of total comprehensive income	26,585,298	-	26,585,298

8. Deposits

	Note	Group 2015 RM
Refundable deposits	(a)	71,176,593
Deposits in Retention Account	(b)	4,180,418
		75,357,011

(a) Refundable deposits are deposits held by lessor of marine vessels of a subsidiary which are refundable to the Group upon expiry of the respective leases.

(b) Deposits in Retention Account represents a minimum cash amount of USD1 million being placed with a financier. The Retention Account can be released upon settlement of the respective loans owed to the financier

9. Goodwill – Group

	RM
Cost	
At 1 January 2015	-
Acquisition of subsidiaries through business combination (Note 36)	755,250,174
At 31 December 2015	755,250,174

Goodwill arose from the acquisition of a subsidiary during the year.

Notes to the Financial Statements

(cont'd)

9. Goodwill – Group (cont'd)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating activities (i.e. marine charter) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of marine charter for the total 17 marine vessels owned was based on its value in use, determined by future cash flows to be generated by the marine charter. The carrying amount of the marine charter was determined to be lower than its recoverable amount of RM2.3 billions and hence no impairment was provided.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing charter of those marine vessels and was based on the following key assumptions:

- Average marine vessels utilisation rate ranging from 70% - 95%;
- Average daily charter rate ranging from RM29,000 to RM65,000;
- Daily operating costs ranging from RM8,000 to RM13,000;
- Pre-tax discount rate of 10% over the remaining expected useful lives of vessels; and
- Growth rate of 5% in both daily charter rate and costs for every five years.

Impairment loss sensitivity analysis

This analysis is based on utilisation rate and discount rate variances that the Group considered to be reasonably possible at the end of the reporting period.

The value in use estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM47 million.
- A 5% decrease in utilisation rate used would have increased the impairment loss by RM54 million.

The values assigned to the key assumptions are based on historical data from both external sources and internal sources as well as management's assessment of future trends in the industry.

10. Trade and other receivables

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Non-current					
Non-trade					
Loan to a subsidiary	10.1	-	-	57,624,436	100,201,821
Current					
Trade					
Trade receivables		96,340,897	96,384,846	-	-
Accrued revenue		169,166,664	201,673,303	-	-
		265,507,561	298,058,149	-	-

Notes to the Financial Statements

(cont'd)

10. Trade and other receivables (cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Non-trade					
Amount due from subsidiaries	10.2	-	-	17,377,514	49,461,744
Other receivables		12,912,038	4,912,195	140,453	3,887,079
		12,912,038	4,912,195	17,517,967	53,348,823
Current total		278,419,599	302,970,344	17,517,967	53,348,823
Total		278,419,599	302,970,344	75,142,403	153,550,644

10.1 The loan to a subsidiary is unsecured and bears interest at 2.5% (2014: 2.5%) per annum.

The non-current portion of the loan to a subsidiary is not repayable during the next twelve months. Nevertheless, the subsidiary may make repayments so long as such repayments do not adversely affect the ability of the subsidiary to meet its liabilities when due.

10.2 Amount due from subsidiaries is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

(cont'd)

11. Deferred taxation

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:-

Group	Assets		Liabilities		Net	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Property, plant and equipment	-	-	(11,005,658)	(11,418,000)	(11,005,658)	(11,418,000)
Capital allowances carried forward	12,217,268	7,774,000	-	-	12,217,268	7,774,000
Intangible assets	-	-	(10,306,977)	-	(10,306,977)	-
	12,217,268	7,774,000	(21,312,635)	(11,418,000)	(9,095,367)	(3,644,000)
Set off of tax	1,097,455	(5,900,000)	(1,097,455)	5,900,000	-	-
	13,314,723	1,874,000	(22,410,090)	(5,518,000)	(9,095,367)	(3,644,000)

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1.1.2014	Recognised in profit or loss	At 31.12.2014/ 1.1.2015	Recognised in profit or loss	Arising from business combination	At 31.12.2015
	RM	RM	RM	RM	RM	RM
Property, plant and equipment	(11,378,000)	(40,000)	(11,418,000)	412,342	-	(11,005,658)
Capital allowances carried forward	4,920,000	2,854,000	7,774,000	8,984,000	(4,540,732)	12,217,268
Intangible assets	-	-	-	1,718,320	(12,025,297)	(10,306,977)
	(6,458,000)	2,814,000	(3,644,000)	11,114,662	(16,566,029)	(9,095,367)
		(Note 26)		(Note 26)	(Note 36)	

(Note 26)

(Note 26)

(Note 36)

Notes to the Financial Statements

(cont'd)

12. Inventories - Group

	2015 RM	2014 RM
Materials and consumables - at cost	6,885,827	6,161,127
Recognised in profit or loss: Inventories recognised as part of cost of services	14,338,902	11,454,319

13. Other investments - Group and Company

	Unit Trust in Malaysia RM
2015	
Financial assets at fair value through profit or loss	1,447,482
2014	
Financial assets at fair value through profit or loss	76,501,831

14. Deposits and prepayments

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Deposits	14.1	6,144,324	11,422,366	183,700	183,700
Prepayments	14.2	12,879,018	3,274,922	3,438,333	5,000
		19,023,342	14,697,288	3,622,033	188,700

14.1 Included in the Group's deposits is placement of fund of USD824,000 in a Sinking Fund Account. This Sinking Fund Account is established with a financial institution and which shall be held by a subsidiary during the tenure of a loan as security deposits.

Included in the Group's deposits in last financial year was a sum of RM10,095,150 paid as deposit for the chartering of marine vessels from a former associate company.

14.2 Included in the Group's prepayments are the advance vessels hire payments of USD998,000 made to a financial institution. The advance hire payments are netted off against the future gross hire payable.

Included in the Group's prepayments in last financial year was an amount paid for the mobilisation of one unit of marine vessel amounting to RM5,000,000.

Notes to the Financial Statements

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15. Cash and cash equivalents

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits placed with licensed banks	70,127,228	157,789,927	-	46,237,098
Cash in hand and at banks	168,133,703	37,106,285	18,277,568	6,591,564
	238,260,931	194,896,212	18,277,568	52,828,662

Included in the deposits placed with licensed banks of the Group is RM19.9 million (2014: nil) of deposits pledged for loans granted to certain subsidiaries. The Group may withdraw the pledged deposits upon settlement of the respective loans.

16. Capital and reserves

16.1 Share capital

	Group and Company			
	2015 Amount RM	2015 Number of shares	2014 Amount RM	2014 Number of shares
Ordinary shares of RM0.50 each				
Authorised:				
Opening and closing balances	500,000,000	1,000,000,000	500,000,000	1,000,000,000
Issued and fully paid:				
At 1 January	438,549,968	877,099,935	275,000,000	550,000,000
Bonus issue	-	-	137,499,968	274,999,935
Issued for cash under private placement	-	-	26,050,000	52,100,000
At 31 December	438,549,968	877,099,935	438,549,968	877,099,935

16.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Notes to the Financial Statements

(cont'd)

16. Capital and reserves (cont'd)

16.3 Bonus issue

The Company has effected on the 13 January 2014, a bonus issue of 274,999,935 ordinary shares of RM0.50 each on the basis of one bonus share for every two existing ordinary shares of RM0.50 each held in the Company via capitalisation of the Company's share premium and retained earning accounts. The bonus issue was completed on 30 January 2015.

16.4 Private placement

On 1 October 2014, the Group has issued 52,100,000 new ordinary shares of RM0.50 each at an issue price of RM3.37 per placement share, representing the first tranche of the private placement. The Company has no further intention of completing the placement for the remaining 30,339,993 shares. Accordingly, the private placements deemed completed.

16.5 Other reserves

Other reserves comprises translation reserve and cash flow reserve. The foreign currency translation reserve arose from the translation of the financial statements of foreign subsidiaries, whilst cash flow hedge reserve comprises the effective portion of the gains and losses on the hedging instrument deemed effective in a cash flow hedge.

17. Loans and borrowings

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Term loans				
- secured	1,042,044,974	69,004,473	629,391,000	-
Finance lease liabilities				
- secured	275,535,800	-	-	-
	1,317,580,774	69,004,473	629,391,000	-
Current				
Revolving credits				
- unsecured	70,000,000	70,000,000	-	-
Term loans				
- secured	389,756,704	14,865,090	45,000,000	-
Finance lease liabilities				
- secured	27,853,694	-	-	-
	487,610,398	84,865,090	45,000,000	-
Total	1,805,191,172	153,869,563	674,391,000	-

Notes to the Financial Statements

(cont'd)

17. Loans and borrowings (cont'd)

17.1 Commodity Murabahah Financing - I

A subsidiary of the Group had accepted a term loan facility denominated in United States Dollar (USD) with a nominal value of USD20,000,000 (equivalent to RM70,030,000) in last year.

This term loan is subject to floating interest rate and is being hedged via an interest rate swap as disclosed in Note 18 to the financial statements.

17.2 Term Loans

The term loans are secured by:

- (i) fixed charge over all subsidiary's unencumbered shares and warrants acquired;
- (ii) first legal charge and assignment over all present and future rights of the Company on Designated Accounts and all monies standing to the credit of the Designated Accounts;
- (iii) fixed charge over certain vessels of the group (see Note 3);
- (iv) fixed charge over the shares of a subsidiary;
- (v) fixed charge over Escrow Accounts;
- (vi) assignment and charges over insurance proceeds and revenue of certain vessels of the Group; and
- (vii) security deposits placed in Retention Accounts (see Note 8).

17.3 Significant covenants on loans and borrowings

The Group is subject to the following significant loan covenants on loans and borrowings:

- (i) debt equity ratio not exceeding 1.75 times;
- (ii) debt service coverage ratio of at least 1.25 times;

As at the reporting date, the subsidiary of the Group has breached certain covenants of two term loans with total carrying amount of RM172.3 million.

As a result, the non-current portions of these term loans of RM133.4 million have been reclassified to current as at the reporting date.

17.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2015		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than one year	53,883,715	26,030,021	27,853,694
Between one and five years	318,519,464	42,983,664	275,535,800
	372,403,179	69,013,685	303,389,494

Notes to the Financial Statements

(cont'd)

18. Derivative liability

	Contractual/ Notional amount RM	Group RM
Interest rate swap	68,704,000	(77,324)

Derivative liability arose from interest rate swap to hedge the variability in cash flows arising from interest rate risks in relation to the floating rate of a term loans. The interest rate swap has been designated as a cash hedge.

The swap entitles the Group to receive a floating interest equal to 3 month USD-LIBOR + 3.10% per annum, pays a fixed rate of 4.18% per annum (if LIBOR is less than or equals to 2.00%) or a 3 months USD-LIBOR + 2.35% per annum (if LIBOR is more than 2.00%).

The swap has the same maturity date as that of the term loan.

19. Trade and other payables

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Trade				
Trade payables	78,809,681	89,650,553	-	-
Amount due to an associate	-	27,550,390	-	-
	78,809,681	117,200,943	-	-
Non-trade				
Other payables (Note 19.1)	9,949,675	6,964,265	930,663	218,801
Accrued expenses	62,863,747	64,904,223	8,442,758	93,221
	72,813,422	71,868,488	9,373,421	312,022
Total	151,623,103	189,069,431	9,373,421	312,022

19.1 Included in other payables of the Group was an amount of RM590,053 subsisting as at 31 December 2014 payable to suppliers for the acquisition of property, plant and equipment.

20. Current tax liabilities

Included in the current tax liabilities is additional tax provision recognised through a business combination during the year (see Note 36). A contingent liability acquired in a business combination is recognised in the acquisition accounting.

Notes to the Financial Statements

(cont'd)

21. Revenue

	2015 RM	2014 RM
Group		
Income from maintenance services rendered	703,636,577	860,395,047
Marine charter	73,643,917	16,260,138
Catering income	1,296,529	214,557
	778,577,023	876,869,742
Company		
Gross dividends	30,940,000	62,206,606
Management fees	4,200,000	4,200,000
	35,140,000	66,406,606

22. Other expenses

Included in the other expenses is property, plant and equipment written off during the year of RM36 million (see Note 3).

23. Results from operating activities

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Results from operating activities is arrived at after charging:					
Amortisation of intangible assets	5	7,159,667	-	-	-
Amortisation of prepaid lease payments	4	368,096	368,096	-	-
Auditors' remuneration:					
- Audit fees					
- KPMG in Malaysia		484,000	206,000	90,000	60,000
- others		20,000	-	-	-
- Non-audit fees					
- KPMG in Malaysia		37,000	92,000	22,000	92,000
- Affiliates of KPMG		354,055	361,000	270,020	78,400
Depreciation of property, plant and equipment	3	99,796,203	40,992,076	4,340	4,343

Notes to the Financial Statements

(cont'd)

23. Results from operating activities (cont'd)

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
Results from operating activities is arrived at after charging: (cont'd)					
Personnel expenses (including key management personnel):					
- contributions to the Employees Provident Fund		149,863,171	13,431,307	95,724	99,184
- wages, salaries and others		54,561,251	213,667,903	816,569	847,993
Property, plant and equipment written off		36,555,886	199,068	-	-
Realised loss on foreign exchange		12,196,262	-	-	-
Rental of premises		4,682,488	3,909,227	-	-
Rental of equipment and marine vessels		98,961,254	232,492,183	-	-
Results from operating activities is arrived at after crediting:					
Dividend income from					
- Unquoted subsidiaries		-	-	30,940,000	57,980,000
- Quoted associate		-	-	-	4,226,606
Gain on disposal of property, plant and equipment		41,213	494,431	-	-
Investment income from unit trusts		1,302,635	857,033	1,302,635	857,033
Unrealised gain on foreign exchange		4,501,126	-	-	-

24. Other non-operating income

Other operating income relates to non-cash gain arose from re-measurement of the equity interest held in Perdana Petroleum Berhad ("PPB") to fair value of RM84,938,215 as well as reclassification of other reserves arose from equity interest in PPB of RM24,036,945 to profit or loss as a result of reclassification of investment in PPB from an equity-accounted associate to a subsidiary on 24 July 2015 (see Note 6).

Notes to the Financial Statements

(cont'd)

25. Finance (costs)/income

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Recognised in profit or loss				
Interest expense of financial liabilities:				
- bank overdrafts	-	(2,829)	-	-
- loans	(60,933,834)	(7,187,819)	(15,494,714)	(675,123)
	(60,933,834)	(7,190,648)	(15,494,714)	(675,123)
Capitalised on qualifying assets:				
- property, plant and equipment (Note 3)	(247,781)	(526,354)	-	-
	(61,181,615)	(7,717,002)	(15,494,714)	(675,123)
Recognised in profit or loss				
Interest income of financial assets:				
- short term deposits	5,899,918	3,148,733	1,331,812	864,063
- amount due from a subsidiary	-	-	1,422,615	2,201,348
	5,899,918	3,148,733	2,754,427	3,065,411
Net finance (costs)/ income recognised in profit or loss	(55,033,916)	(4,041,915)	(12,740,287)	2,390,288
Finance costs capitalised on qualifying assets	(247,781)	(526,354)	-	-
	(55,281,697)	(4,568,269)	(12,740,287)	2,390,288

26. Income tax expense

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expense				
Malaysian - current year	47,594,805	41,475,350	1,596,032	1,728,350
- prior year	(3,717,591)	(1,131,826)	-	219
	43,877,214	40,343,524	1,596,032	1,728,569
Deferred tax expense (Note 11)				
- current year	(8,979,662)	(316,000)	-	-
- prior year	(2,135,000)	(2,498,000)	-	-
	(11,114,662)	(2,814,000)	-	-
Total income tax expense	32,762,552	37,529,524	1,596,032	1,728,569

Notes to the Financial Statements

(cont'd)

26. Income tax expense (cont'd)

Reconciliation of income tax expense

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit for the year	170,627,056	180,132,014	11,393,736	63,992,150
Total income tax expense	32,762,552	37,529,524	1,596,032	1,728,569
Profit excluding tax	203,389,608	217,661,538	12,989,768	65,720,719
Share of tax of equity-accounted associate	640,000	368,000	-	-
	204,029,608	218,029,538	12,989,768	65,720,719
Tax calculated using Malaysian tax rate of 25% (2014: 25%)*	51,007,000	54,507,000	3,247,000	16,430,000
Non-deductible expenses	9,203,823	19,909,935	6,409,032	1,064,350
Non taxable income	(8,060,000)	(22,431,000)	(8,060,000)	(15,766,000)
Income exempted from tax under Section 54A of Income Tax Act, 1967 [^]	(3,178,000)	(3,030,805)	-	-
Effect of changes in tax rate	449,311	57,000	-	-
Movement of tax exempt assets	(10,118,895)	(7,588,016)	-	-
Others	(48,096)	103,236	-	-
	39,255,143	41,527,350	1,596,032	1,728,350
(Over)/Under provision in prior years	(5,852,591)	(3,629,826)	-	219
	33,402,552	37,897,524	1,596,032	1,728,569
Less: Share of tax of equity-accounted associate	(640,000)	(368,000)	-	-
Total income tax expense	32,762,552	37,529,524	1,596,032	1,728,569

Notes to the Financial Statements

(cont'd)

26. Income tax expense (cont'd)

Reconciliation of income tax expense (cont'd)

- * In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% from year of assessment 2016 ("YA 2016") and onwards. Consequently, any temporary differences expected to be reversed in YA 2016 and onwards are measured using this rate.
- ^ Section 54A Exemption of Income Tax Act, 1967, subject to the following subsections, where a person who is resident for the basis year for a year of assessment carries on the business of:
- transporting passengers or cargo by sea on a Malaysian ship; or
 - letting out on charter a Malaysian ship owned by the Company on a voyage or time chartered basis
- 70% of the statutory income of that person for that year of assessment from that business shall be exempt from tax.

27. Reclassification of fair value reserve to profit or loss

The reclassification of fair value reserve of RM24,036,945 to profit or loss as non-operating income was occasioned by the reclassification of the investment in PPB from an equity-accounted associate to a subsidiary.

28. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors:				
- Fees	2,353,980	2,319,780	1,946,580	1,934,580
- Remuneration	22,222,444	4,219,047	35,000	35,000
	24,576,424	6,538,827	1,981,580	1,969,580
Other key management personnel:				
- Short term employee benefits	557,403	608,612	37,560	37,560
	25,133,827	7,147,439	2,019,140	2,007,140

Other key management personnel comprise persons other than the Directors of group entities, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

Notes to the Financial Statements

(cont'd)

29. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders of RM172,121,306 (2014: RM181,076,119) and the weighted average number of ordinary shares outstanding, calculated as follows:

Weighted average number of ordinary shares

	2015 Number	2014 Number
Weighted average number of ordinary shares at 1 January	877,099,935	550,000,000
Treasury shares repurchased in previous years	-	(300,500)
Effect of treasury shares reissued	-	300,500
	877,099,935	550,000,000
Effect of bonus issue during the year	-	274,999,935
Effect of private placement during the year	-	13,132,055
Weighted average number of ordinary shares at 31 December (basic and diluted)	877,099,935	838,131,990

As bonus issue is a non-resource share issue which entails no cash flows, it is deemed to have been effected from the earliest possible periods. As such the earnings per share have to be re-computed as if the enlarged share capital as a result of the bonus issue was in existence throughout the current and comparative periods

30. Dividends

30.1 Dividends per ordinary share

The dividends per ordinary share as disclosed below comprise the total dividends declared or proposed for the respective financial years.

	2015 Sen	2014 Sen
Net dividends per ordinary share	3.50	7.00

Notes to the Financial Statements

(cont'd)

30. Dividends (cont'd)

30.2 Dividends

Dividends recognised by the Company:

	Sen per share (tax exempt)	Total RM	Date of payment
2015			
Second interim 2014 ordinary	3.50	30,698,498	14 April 2015
2014			
Second interim 2013 ordinary	3.50	28,874,998	16 April 2014
First interim 2014 ordinary	3.50	28,874,998	10 October 2014
		57,749,996	

31. Operating segments

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.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within these industries.

Business segments

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

i) Topside maintenance services

Provision of offshore topside maintenance services, minor fabrication works and offshore hook-up and commissioning services for oil and gas companies.

ii) Marine charter and catering income

Chartering of marine vessels and provision of related support services, as well as catering of food and beverage.

iii) Equipment hire

Equipment hire operation.

iv) Investment holding

Provision of management and secretarial services.

Notes to the Financial Statements

(cont'd)

31. Operating segments (cont'd)

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Information on segment liabilities aggregates the total liabilities, including borrowings, to allow the Managing Director to review and plan for the liquidity requirements of the Group.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. All segment revenues are derived from Malaysia in current and last year.

Notes to the Financial Statements

(cont'd)

31. Operating segments (cont'd)

2015	Topside maintenance services RM	Marine charter and catering income RM	Equipment hire RM	Investment holding RM	Total RM	Elimination RM	Consolidated RM
Revenue							
External revenue	703,636,577	74,940,446	-	-	778,577,023	-	778,577,023
Inter-segment revenue	-	103,981,771	31,354,887	35,140,000	170,476,658	(170,476,658)	-
Total segment revenue	703,636,577	178,922,217	31,354,887	35,140,000	949,053,681	(170,476,658)	778,577,023
Results							
Segment results	155,455,952	(32,626,678)	13,149,293	25,730,055	161,708,622	103,034,902	264,743,524
Finance costs	(2,749,866)	(44,111,869)	-	(15,494,714)	(62,356,449)	1,422,615	(60,933,834)
Finance income	2,436,978	1,909,280	221,848	2,754,427	7,322,533	(1,422,615)	5,899,918
Share of profit of equity-accounted associate	-	(6,270,000)	-	-	(6,270,000)	-	(6,270,000)
Income tax expense	(41,025,459)	11,960,845	(2,837,568)	(1,596,032)	(33,498,214)	735,662	(32,762,552)
Profit for the year	114,117,605	(69,138,422)	10,533,573	11,393,736	66,906,492	103,770,564	170,677,056
Total assets	489,350,112	2,215,099,738	56,079,009	1,268,547,009	4,029,075,868	(728,244,020)	3,300,831,848
Total liabilities	233,352,608	1,190,279,766	16,384,753	683,900,893	2,123,918,020	(19,720,193)	2,104,197,827
Included in the segment profit or loss are:							
Depreciation and amortisation of tangible assets	12,213,385	72,507,065	15,439,509	4,340	100,164,299	-	100,164,299

Notes to the Financial Statements

(cont'd)

31. Operating segments (cont'd)

2014	Topside maintenance services RM	Marine charter and catering income RM	Equipment hire RM	Investment holding RM	Total RM	Elimination RM	Consolidated RM
Revenue							
External revenue	860,395,047	16,474,695	-	-	876,869,742	-	876,869,742
Inter-segment revenue	-	103,599,169	31,098,831	66,406,606	201,104,606	(201,104,606)	-
Total segment revenue	860,395,047	120,073,864	31,098,831	66,406,606	1,077,974,348	(201,104,606)	876,869,742
Results							
Segment results	136,228,118	49,669,725	12,615,787	63,330,431	261,844,061	(62,206,606)	199,637,455
Finance costs	(3,718,297)	(4,998,576)	-	(675,123)	(9,391,996)	2,201,348	(7,190,648)
Finance income	1,930,441	140,693	213,536	3,065,411	5,350,081	(2,201,348)	3,148,733
Share of profit of equity-accounted associate	-	23,010,103	-	-	23,010,103	-	23,010,103
Income tax expense	(34,203,283)	1,629,808	(3,227,480)	(1,728,569)	(37,529,524)	-	(37,529,524)
Profit for the year	100,236,979	69,451,753	9,601,843	63,992,150	243,282,725	(62,206,606)	181,076,119
Total assets	528,757,022	437,805,169	69,329,482	604,374,488	1,640,266,161	(320,455,443)	1,319,810,718
Total liabilities	355,937,122	192,287,698	40,168,799	423,610	588,817,229	(236,899,278)	351,917,951
Included in the segment profit or loss are:							
Depreciation and amortisation of tangible assets	9,547,499	16,922,771	14,885,559	4,343	41,360,172	-	41,360,172

Notes to the Financial Statements

(cont'd)

31. Operating segments (cont'd)

Major customers

The following are the major customers individually accounting for 10% or more of the group revenue:

	2015 RM	Revenue 2014 RM	Segment
Companies under common control of:			
- Customer A	353,798,318	351,305,579	Topside maintenance services
- Customer B	314,989,780	423,373,463	Topside maintenance services

32. Financial instruments

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL"); and
- (c) Financial liabilities measured at amortised cost ("FL").

	Note	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
2015				
Financial assets				
Group				
Other investments	13	1,447,482	-	1,447,482
Deposits	8,14	81,501,335	81,501,335	-
Trade and other receivables	10	278,419,599	278,419,599	-
Cash and cash equivalents	15	238,260,931	238,260,931	-
		599,629,347	598,181,865	1,447,482
Company				
Other investments	13	1,447,482	-	1,447,482
Deposits	14	183,700	183,700	-
Trade and other receivables	10	75,142,403	75,142,403	-
Cash and cash equivalents	15	18,277,568	18,277,568	-
		95,051,153	93,603,671	1,447,482

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
2015 (cont'd)				
Financial liabilities				
Group				
Loans and borrowings	17	(1,805,191,172)	(1,805,191,172)	-
Trade and other payables	19	(151,623,103)	(151,623,103)	-
Derivative liability	18	(77,324)	-	(77,324)
		(1,956,891,599)	(1,956,814,275)	(77,324)
Company				
Loans and borrowings	17	(674,391,000)	(674,391,000)	-
Trade and other payables	19	(9,373,431)	(9,373,431)	-
		(683,764,431)	(683,764,431)	-
2014				
Financial assets				
Group				
Other investments	13	76,501,831	-	76,501,831
Deposits	14	11,422,366	11,422,366	-
Trade and other receivables	10	302,970,344	302,970,344	-
Cash and cash equivalents	15	194,896,212	194,896,212	-
		585,790,753	509,288,922	76,501,831
Company				
Other investments	13	76,501,831	-	76,501,831
Deposits	14	183,700	183,700	-
Trade and other receivables	10	153,550,644	153,550,644	-
Cash and cash equivalents	15	52,828,662	52,828,662	-
		283,064,837	206,563,006	76,501,831

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
2014 (cont'd)				
Financial liabilities				
Group				
Loans and borrowings	17	(153,869,563)	(153,869,563)	-
Trade and other payables	19	(189,069,572)	(189,069,572)	-
		(342,939,135)	(342,939,135)	-
Company				
Trade and other payables	19	(312,022)	(312,022)	-

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Net gains/(losses) arising on:				
Financial assets at fair value through profit or loss				
- held for trading	1,302,635	857,033	1,302,635	857,033
Loans and receivables	10,401,044	3,148,733	2,754,427	3,065,411
Financial liabilities measured at amortised cost	(73,130,096)	(7,685,535)	(15,494,714)	(675,123)
	(61,426,417)	(3,679,769)	(11,437,652)	3,247,321

32.3 Financial risk management

The Group and the Company are exposed to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Receivables from external parties

Risk management objectives, policies and processes for managing the risk

The principal customers of the Group are major oil and gas companies based in Malaysia. Management reviews the credit worthiness of all major counterparties prior to entering into any contract or transaction with them, to ensure the Group is not exposed to undue credit risk.

Deposits and cash and cash equivalents are placed with licensed banks and financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statement of financial position. Cash and cash equivalents are only placed with licensed banks/institutions.

There are no significant concentrations of credit risk as at the end of the reporting period other than trade receivable due from one (2014: one) counterparty of RM40,239,765 (2014: RM60,908,489).

Ageing analysis

The ageing of trade receivables (exclude accrued revenue) as at the end of reporting period is as follows:

	2015 RM	Group 2014 RM
Age of debts		
Not past due	85,297,393	58,199,876
Past due more 0-30 days	8,295,869	10,750,959
Past due more 31-90 days	2,332,939	9,322,522
Past due more 91-120 days	414,696	18,111,489
	96,340,897	96,384,846

Management does not expect any external counterparty to fail to meet its obligations due to the strong credit standing of the counterparties. There is no impairment loss recognised for trade receivables as at the end of the reporting period.

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Other investments (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Other investments of the Group (see Note 13) are categorised as fair value through profit or loss. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit risk of the Company as at the end of the reporting period arose solely from the amount due from two (2014: three) subsidiaries of RM72,719,836 (2014: RM149,663,565).

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to subsidiaries are not recoverable in full and as such no impairment loss has been recognised.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made thereby to ensure that they are able to meet their obligations as they fall due.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM1,805,191,172 (2014: RM153,869,563) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings as well as financial guarantees given to banks for credit facilities granted to subsidiaries.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis

	Carrying amount RM	Contractual interest rate/ coupon %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2015							
Secured term loans	1,431,801,678	3.46 - 6.10	1,655,701,388	464,902,068	233,945,282	718,735,694	238,118,344
Finance lease liabilities	303,389,494	7.24 - 8.69	372,403,179	53,883,715	49,470,192	269,049,272	-
Unsecured revolving credits	70,000,000	4.92 - 5.90	70,221,682	70,221,682	-	-	-
Trade and other payables	151,623,103	-	151,623,103	151,623,103	-	-	-
Derivative liability	77,324	-	77,324	77,324	-	-	-
	1,956,891,599		2,250,026,676	740,707,892	283,415,474	987,784,966	238,118,344
2014							
Secured term loans	83,869,563	5.05 - 5.40	96,688,697	19,234,641	22,139,250	43,382,137	11,932,669
Unsecured revolving credits	70,000,000	5.01 - 5.10	70,880,864	70,880,864	-	-	-
Trade and other payables	189,069,431	-	189,069,431	189,069,431	-	-	-
	342,938,994		356,638,992	279,184,936	22,139,250	43,382,137	11,932,669

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Contractual Carrying amount RM	interest rate/ coupon %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2015							
Secured term loans	674,391,000	5.62 - 6.10	825,434,514	82,975,782	114,235,173	441,401,467	186,822,092
Trade and other payables	9,373,622	-	9,373,622	9,373,622	-	-	-
	683,764,622		834,808,136	92,349,404	114,235,173	441,401,467	186,822,092
2014							
Trade and other payables	312,022	-	312,022	312,022	-	-	-

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of group entities. The currencies giving rise to this risk are primarily Singapore Dollar (SGD), United States Dollar (USD) and Ringgit Malaysia (MYR).

Exposure to foreign currency risk

The Group's exposure to foreign currency risk attributable to currencies other than the functional currencies of group entities, based on the carrying amounts as at the end of the reporting period was:

Group	USD RM	Denominated in SGD RM	MYR RM
2015			
Financial assets			
Trade and other receivables	246,234	349,513	260
Deposits and prepayments	-	-	2,080
Cash and cash equivalents	4,557,491	71,355	-
Intra-group balances	-	-	60,674,428
	4,803,725	420,868	60,676,768
Financial liabilities			
Trade and other payable	(1,216,128)	(5,359,994)	-
Intra-group balances	(42,118,333)	(69,306,989)	-
	(43,334,461)	(74,669,983)	-
Net currency exposure	(38,530,736)	(74,246,115)	60,676,768
2014			
Financial liabilities			
Trade and other payables	(607,660)	(155,322)	-

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

Currency risk sensitivity analysis

A 10% (2014: 10%) strengthening of the RM against the following currencies at the end of the reporting period. The analysis assumes that all other variable, in particular interest rates, remained constant.

	2015		2014	
	Equity RM	Profit or loss RM	Equity RM	Profit or loss RM
USD	3,853,074	3,853,074	60,766	60,766
SGD	7,424,612	7,424,612	15,532	15,532
MYR	(6,067,677)	(6,067,677)	-	-
	5,210,009	5,210,009	76,298	76,298

Currency risk sensitivity analysis

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term other investments and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and process for managing the risk

The Group monitors its exposure to changes in interest rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including interest rates, to the Group.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

Currency risk sensitivity analysis (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed rate instruments				
Financial assets				
- loan to a subsidiary	-	-	57,624,436	100,201,821
- deposits placed with licensed banks	70,127,228	157,789,927	-	46,237,098
Financial liabilities				
- finance lease liabilities	(303,389,494)	-	-	-
	(233,262,266)	157,789,927	57,624,436	146,438,919
Floating rate instruments				
Financial liabilities				
- term loans	(1,431,801,678)	(83,869,563)	(674,391,000)	-
- revolving credits	(70,000,000)	(70,000,000)	-	-
	(1,501,801,678)	(153,869,563)	(674,391,000)	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

Currency risk sensitivity analysis (cont'd)

(ii) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2015 Profit or loss		2014 Profit or loss	
	100bp increase RM	100bp decrease RM	100bp increase RM	100bp decrease RM
Group				
Floating rate instruments	11,264,000	(11,264,000)	1,154,000	(1,154,000)
Company				
Floating rate instruments	5,058,000	(5,058,000)	-	-

(iii) Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

There is no sensitivity analysis performed as any change will be insignificant to the Group.

32.4 Fair value information

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

The fair value of other investments is disclosed in Note 13, which is based on their quoted closing market prices and the net asset value of the unit trust at the reporting date.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.4 Fair value information (cont'd)

2015	Fair value of financial instruments carried at fair value-----]				Fair value of financial instruments not carried at fair value-----]				Total fair value RM	Carrying amount RM	
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM			
Group											
Financial assets											
Other investments	-	1,447,482	-	1,447,482	-	-	-	-	1,447,482	1,447,482	
Deposits	-	75,357,011	-	75,357,011	-	-	-	-	75,357,011	75,357,011	
	-	76,804,493	-	76,804,493	-	-	-	-	76,804,493	76,804,493	
Financial liabilities											
Term loans											
- secured	-	-	-	-	-	-	(877,529,841)	(877,529,841)	(877,529,841)	(1,042,044,974)	
Finance lease liabilities	-	-	-	-	-	-	(240,650,995)	(240,650,995)	(240,650,995)	(275,535,800)	
- secured											
(non current)	-	-	(77,324)	(77,324)	-	-	-	-	(77,324)	(77,324)	
Derivative liability	-	-	(77,324)	(77,324)	-	-	-	-	(77,324)	(77,324)	
	-	-	(77,324)	(77,324)	-	-	(1,118,180,836)	(1,118,180,836)	(1,118,258,160)	(1,317,658,098)	

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.4 Fair value information (cont'd)

2015 (cont'd)	Fair value of financial instruments carried at fair value-----]				Fair value of financial instruments not carried at fair value-----]				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Company										
Financial assets										
Loan to a subsidiary (non current)	-	-	-	-	-	-	56,218,961	56,218,961	56,218,961	57,624,436
Other investments	-	1,447,482	-	1,447,482	-	-	-	-	1,447,482	1,447,482
	-	1,447,482	-	1,447,482	-	-	56,218,961	56,218,961	57,666,443	59,071,918
Term loan – secured (non current)	-	-	-	-	-	-	(526,981,125)	(526,981,125)	(526,981,125)	(629,391,000)
2014										
Group										
Financial assets										
Other investments	-	76,501,831	-	76,501,831	-	-	-	-	76,501,831	76,501,831

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.4 Fair value information (cont'd)

2014 (cont'd)	Fair value of financial instruments carried at fair value-----]				Fair value of financial instruments not carried at fair value-----]				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group (cont'd)										
Financial liabilities										
Term loans										
- secured										
(non-current)	-	-	-	-	-	-	(68,005,225)	(68,005,225)	(68,005,225)	(69,004,473)
Company										
Financial assets										
Loan to a subsidiary										
(non-current)	-	-	-	-	-	-	97,539,006	97,539,006	97,539,006	100,201,821
Other investments	-	76,501,831	-	76,501,831	-	-	-	-	76,501,831	76,501,831
	-	76,501,831	-	76,501,831	-	-	97,539,006	97,539,006	174,040,837	176,703,652

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.4 Fair value information (cont'd)

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of interest rate swap is estimated by discounting the net cash flows between the floating interest payable and the fixed interest receivable over the tenure of the swap using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values of financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group			
Term loans	Discounted cash flows	Interest rate of 5.75% (2014: 5.23%)	The estimated fair value would increase/(decrease) if the interest rate were (lower)/higher.

Notes to the Financial Statements

(cont'd)

32. Financial instruments (cont'd)

32.4 Fair value information (cont'd)

Level 3 fair value (cont'd)

Fair values of financial instruments not carried at fair value (cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group (cont'd)			
Finance lease liabilities	Discounted cash flows	Interest rate of 6.00% (2014: -)	The estimated fair value would increase/(decrease) if the interest rate were (lower)/higher.
Company			
Loan to a subsidiary	Discounted cash flows	Interest rate of 5.23% (2014: 5.23%)	The estimated fair value would increase/(decrease) if the interest rate were higher/(lower).
Term loans	Discounted cash flows	Interest rate of 5.74% (2014: -)	The estimated fair value would increase/(decrease) if the interest rate were (lower)/higher.

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its businesses.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

There were no changes in the Group's approach to capital management during the financial year.

34. Capital expenditure commitments

	2015 RM	Group 2014 RM
Property, plant and equipment		
Authorised and contracted for	9,733,328	14,172,000

Notes to the Financial Statements

(cont'd)

35. Related parties

Identity of related parties

For the purposes of these financial statements, a party is considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Significant related party transactions, other than compensations to key management personnel (see Note 28) and those disclosed elsewhere in the financial statement, are as follows:

Transactions with subsidiaries

	Company 2015 RM	2014 RM
Dividend income	(30,940,000)	(57,980,000)
Interest income	(1,422,615)	(2,201,348)
Management fees	4,200,000	(4,200,000)

Transactions with certain Directors and company in which certain Directors and close members of their families have or are deemed to have substantial interests

	Group 2015 RM	2014 RM
Rental of premises paid	2,618,028	2,506,946

Transactions with former associate

	Group 2015 RM	2014 RM
Marine vessel charter expenses	51,814,257	120,003,772

Significant party balances related to the above transactions are disclosed in the statement of financial position as well as Notes 10 and 19 to the financial statements.

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to settle in cash.

Notes to the Financial Statements

(cont'd)

36. Acquisitions of subsidiary and non-controlling interests

During the year, the Group has in stages acquired the shares in Perdana Petroleum Berhad. The said subsidiary is involved in vessel chartering activities.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2015 RM
Fair value of consideration transferred		
Cash and cash equivalents		848,757,212
Realisation of share of post acquisition reserve of former associate		250,888,064
		1,099,645,276
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	1,249,573,910
Intangible assets	5	50,105,404
Deferred tax assets	11	45,723
Inventories		2,244,788
Deposits		67,455,951
Trade and other receivables		95,508,686
Tax recoverable		3,221,521
Cash and cash equivalents		61,664,051
Loans and borrowings		(918,755,645)
Deferred tax liabilities	11	(16,611,752)
Provision for retirement benefits		(99,026)
Trade and other payables		(44,863,152)
Derivative liabilities		(179,284)
Current tax liabilities		(112,057,127)
Total identifiable net assets		437,254,048

The following fair values have been determined on a provisional basis:

- the fair value of intangible assets has been determined provisionally pending completion of an independent valuation.

	Group 2015 RM
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(848,757,212)
Realisation of share of post acquisition reserve of former associate	(250,888,064)
Total purchase consideration	(1,099,645,276)
Cash and cash equivalents acquired	61,664,051
Less: Deposit pledged as security	(17,717,333)
	43,946,718
Net cash and cash equivalents acquired	(1,055,698,558)

Notes to the Financial Statements

(cont'd)

36. Acquisitions of subsidiary and non-controlling interests (cont'd)

(cont'd)	Group 2015 RM
Goodwill	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	1,099,645,276
Fair value gain of existing interest in the former associate	84,938,215
Fair value of identifiable net assets	(437,254,048)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree	7,920,731
Goodwill	755,250,174

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing marine charter business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The remeasurement to fair value of the Group's existing 32.71% interest in the acquiree resulted in a gain of RM85 million (RM596 million less RM511 million carrying value of equity-accounted investee at acquisition date), which has been recognised in other income in the statement of profit or loss and other comprehensive income.

37. Prior year adjustments in former associate

During the financial year, a former associate, PPB, which is now a subsidiary to the Group, has made a prior year adjustment to reflect a change in the accounting of certain assets from operating lease to finance lease. The change in accounting treatment was applied retrospectively and had an insignificant impact to the Group. A third statement of financial position is not presented as at the beginning of the preceding period as the Group assessed it has immaterial effect on the information in that statement of financial position. The following summarises the adjustments made to the statement of financial position upon change in accounting policy:

	31.12.2014		1.1.2014	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Investment in associate	240,868,066	237,739,768	167,462,448	165,516,279
Accumulated reserves	374,909,380	372,135,886	280,187,679	278,358,290

In view that the prior year adjustment is not considered material to the Group based on the facts and circumstances, hence the Group has not presented a third statement of financial position.

Notes to the Financial Statements

(cont'd)

38. Litigation

On 22 June 2011, a former associate, PPB, which is now a subsidiary, filed a suit in the High Court against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Berhad ("TASB"), Yap Hock Heng and TA First Credit Sdn Bhd ("TAFC") to claim for losses and damages suffered by the Company in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Berhad ("PEB") by PPB to the Parties on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by PPB as conducted by the TA Securities Holdings Berhad and Yap Hock Heng on 11 December 2009.

This suit is mounted on several causes of action, including breaches of fiduciary and statutory duties, accessory liability and conspiracy and PPB is seeking from the High Court, various declaratory reliefs, damages (general and/or fiduciary and/or aggravated) to be assessed, interest, account and disgorgement and costs.

On 7 September 2012, PPB filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and TAFC, with no admission of liability and with no liberty to file afresh. In this connection, TASB had also agreed to discontinue their suit against PPB in relation to a claim of approximately RM2.796 million as placement fees due to them ("TASB Suit") with no admission of liability and with no liberty to file afresh. With the discontinuance of the TASB Suit, PPB had reversed the provisions made earlier.

The trial at the High Court ended on 26 April 2013 and oral submissions by respective counsels were made on 21 November 2013 and 28 November 2013. On 21 March 2014, PPB announced that the High Court gave its decision that PPB was unsuccessful in the Suit. On 17 April 2014, PPB filed a Notice of Appeal to the Court of Appeal on the decision of the Suit.

On 9 September 2014, PPB announced that the High Court has made a decision on costs and ordered PPB to pay the Defendant Parties, a total cost of RM841,731. The High Court has also ordered Tengku Dato' Ibrahim Petra bin Tengku Indra Petra to pay PPB the sum of RM192,780 with post judgement interest calculated at 5% per annum starting from 22 March 2014 ("Judgement Sum"). The earnings of the Group for the year ended 31 December 2014 was reduced by the differential sum of the total cost payable and the judgement sum receivable.

On 24 September 2014, PPB announced that the Court of Appeal has fixed the hearing of the Appeal on 2 December 2014. This was subsequently adjourned and fixed to be heard on 11 March 2015.

The Appeal was heard on 11 March 2015 and 25 March 2015.

On 25 August 2015, PPB announced that the Court of Appeal has made the following judgements:-

- (a) PPB's appeal is allowed with costs against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;
- (b) PPB's appeal is dismissed with costs against Lee Mee Jiong; and
- (c) Tengku Dato' Ibrahim Petra bin Tengku Indra Petra's cross appeal is dismissed with costs.

On 25 September 2015, PPB announced that PPB had on 23 September 2015 received the Notices of Motion from the solicitors of Tengku Dato' Ibrahim bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong respectively, to apply for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015.

Notes to the Financial Statements

(cont'd)

38. Litigation (cont'd)

The Federal Court, had on 1 March 2016 allowed the leave applications by the Applicants and the Applicants will proceed with the filing of the appeal papers for Case Management. The Case Management date has yet to be fixed by the Federal Court.

39. Significant event

During the year, the Company has acquired additional 33,523,700 ordinary shares of RM0.50 in Perdana Petroleum Berhad ("PPB") from open market. This action has subsequently triggered a mandatory general offer as threshold of 33% has been reached. Pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 ("CMSA") and Section 9(1)(a), Part III of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code").

The Company has undertaken the mandatory general offer (MGO) for all the remaining PPB shares not already owned after the proposed acquisition for a cash consideration of RM1.55 per PPB share and all the remaining PPB warrants not already owned for a cash consideration of RM0.84 per PPB warrant. The offer has closed on 13 August 2015.

In view of the level of acceptance as at the closing date, a notice was issued in accordance with subsection 223(2) of the CMSA to holders of PPB shares who have not accepted the offer informing them that they may exercise their rights to require the Company to acquire the PPB shares held by them on the same terms as the MGO. This offer closed on 21 November 2015.

On 24 July 2015, the Company's voting shares had reached 51.2% in PPB after receiving valid acceptances for 126,631,820 Offer Shares, consequently ceased to be an associate to the Company and became a subsidiary of the Company.

As at 31 December 2015, the Company holds in total 763,015,248 ordinary shares of RM0.50 each in PPB, representing 98.01% of the issued and paid up share capital of PPB.

40. Subsequent events

- (a) PPB, the subsidiary of the Group, which was acquired during the year, had entered into two separate memorandum of agreement ("MOA") with a third party ("Seller") in June 2014 to purchase two units of work barges amounting to USD42 million each. Pursuant to the terms of the MOA, the said subsidiary of the Group had paid 20% of the purchase price of each work barge amounting to USD16.8 million as upfront deposits.

On 28 March 2016, the subsidiary formally informed the Seller that it has terminated one of the MOA for one the work barge that was due for delivery on 28 February 2016. Pursuant to the terms of the MOA, the Seller has a right of forfeiture of the upfront deposit paid, and accordingly, the Group has written off the deposit of USD8.4 million, equivalent to RM36.1 million (see Note 3) in the financial statements.

The Group received a notification dated 5 April 2016 from the Seller viewing the termination of the contract by the Group as wrongful and to forfeit the deposit paid, in addition to reserving all its rights under the MOA.

As at the date these financial statements were authorised for issue, the Group has not become aware of any formal legal proceedings by the Seller.

Notes to the Financial Statements

(cont'd)

40. Subsequent events (cont'd)

- (b) On 11 March 2016, United Overseas Bank (Malaysia) Bhd ("UOB") as the Principal Adviser/Lead Arranger/Lead Manager for the Proposed Sukuk Issue, on behalf of PPB, a subsidiary of the Group, had made the lodgement in respect of the Proposed Sukuk Issue with the Securities Commission Malaysia.

The first issuance under the Proposed Sukuk Issue will be guaranteed by Danajamin Nasional Berhad pursuant to an Al-Kafalah Facility. The tenure of the Sukuk Murabahah Programme shall be twelve (12) years from the date of the first issue of the Sukuk Murabahah.

The proceeds of the first issuance of the Sukuk Murabahah shall be utilised for the following Shariah-compliant purposes:

- (i) first, an amount of up to RM630 million to be utilised for refinancing of outstanding borrowings undertaken by the subsidiary for purchase of the certain charged vessels;
- (ii) second, an amount of up to RM20 million to defray any fees and expenses for the Proposed Sukuk Issue and the Al-Kafalah Facility and to prefund the finance service reserve account to be opened and maintained under the Al-Kafalah Facility; and
- (iii) third, any unutilised balance after meeting purposes in items (i) and (ii) above can be utilised for the Company's working capital requirements subject to a maximum amount of RM40 million.

The proceeds of subsequent issuances of the Sukuk Murabahah shall be utilised for PPB's working capital requirements (including refinancing) which includes advances to the Issuer's subsidiaries via Shariah-compliant mode and general corporate purposes which shall be Shariah-compliant.

Notes to the Financial Statements

(cont'd)

41. Supplementary financial information on the breakdown of realised and unrealised profit or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Recruitments, are as follows:

	Group		Company	
	2015 RM	2014 RM Restated	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries				
- realised	780,013,682	453,106,751	(590,326)	18,714,436
- unrealised	2,194,268	(3,644,000)	-	-
	782,207,950	449,462,751	(590,326)	18,714,436
Total share of retained earnings of associate				
- realised	-	25,925,494	-	-
- unrealised	-	(4,788,000)	-	-
	782,207,950	470,600,245	(590,326)	18,714,436
Less: Consolidation adjustments	(265,826,754)	(95,690,865)	-	-
Total retained earnings	516,381,196	374,909,380	(590,326)	18,714,436

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

Analysis of Shareholdings

as at 31 March 2016

Authorised Share Capital	: RM500,000,000.00
Issued and Fully Paid-Up Capital	: RM438,549,967.50
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 Shareholders	%	No. of shares	%
1 – 99	125	2.24	5,417	0.00
100 – 1,000	676	12.14	534,001	0.06
1001 – 10,000	3,216	57.75	15,629,520	1.78
10,001 – 100,000	1,296	23.27	40,678,278	4.64
100,001 – 43,854,995 (*)	250	4.49	343,722,262	39.19
43,854,996 and above (**)	6	0.11	476,530,457	54.33
TOTAL	5,569	100.00	877,099,935	100.00

Remark: (*) – Less than 5% of Issued Shares
(**) – 5% and above of Issued Shares

2. DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Dayang Enterprise Holdings Bhd based on the Register of Directors' Shareholdings maintained by the Company pursuant to Section 134 of the Companies Act, 1965 are as follows:-

No.		Direct	No. of Ordinary shares held %	Indirect	%
1.	Datuk Ling Suk Kiong	77,279,130	8.81	102,726,512(a)	11.71
2.	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675	7.52	-	-
3.	Joe Ling Siew Loung @ Lin Shou Long	41,463,825	4.73	138,541,817(b)	15.80
4.	Jeanita Anak Gamang	-	-	-	-
5.	Wong Ping Eng	-	-	-	-
6.	Gordon Kab@ Gudan Bin Kab	4,500	0.00	-	-
7.	Chia Chu Fatt	166,405	0.02	-	-
8.	Tuan Haji Abdul Aziz Bin Ishak	269,530	0.03	-	-
9.	Polit Bin Hamzah	269,530	0.03	-	-
10.	Koh Ek Chong	-	-	-	-
11.	Azlan Shah Bin Jaffril	-	-	-	-
12.	Ali Bin Adai	-	-	-	-

Analysis of Shareholdings

as at 31 March 2016 (cont'd)

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 required to be kept under Section 69L of the Companies Act, 1965 and their respective shareholdings are as follows :-

No.		Direct	No. of Ordinary shares held		%
			%	Indirect	
1.	Naim Holdings Bhd	254,921,952	29.06	0	0
2.	Datuk Ling Suk Kiong	77,279,130	8.81	102,726,512(a)	11.71
3.	Kumpulan Wang Persaraan (Diperbadankan)	73,445,100	8.37	0	0
4.	Lembaga Tabung Haji	76,367,600	8.71	0	0
5.	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675	7.52	0	0
6.	Vogue Empire Sdn Bhd	61,218,187	6.98	0	0
7.	Joe Ling Siew Loung @ Lin Shou Long	41,463,825	4.73	138,541,817(b)	15.80
8.	Datuk Hasmi Bin Hasnan	960,937	0.11	254,921,952(c)	29.06
9.	Datuk Abdul Hamed Bin Sepawi	0	0.00	254,921,952(c)	29.06
10.	Wong Siew Hong	44,500	0.00	179,961,142(d)	20.52

Notes:

- (a) Deemed interest by virtue of the interest of his spouse and child in the Company pursuant to Section 6A and Section 134(12)(c) of the Companies Act 1965.
- (b) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through his parents.
- (c) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Naim Holdings Berhad.
- (d) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Vogue Empire Sdn Bhd, spouse and child.

4. TOP THIRTY SHAREHOLDERS

(Without aggregating securities from different securities accounts belonging to the same Registered Holder)

No	Name	No of shares held	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Naim Holdings Berhad (PB)	131,921,952	15.04
2.	Naim Holdings Berhad	82,500,000	9.41
3.	Lembaga Tabung Haji	76,367,600	8.71
4.	Kumpulan Wang Persaraan (Diperbadankan)	73,445,100	8.37
5.	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	65,916,675	7.52
6.	Datuk Ling Suk Kiong	46,379,130	5.29
7.	Naim Holdings Berhad	40,500,000	4.62
8.	Vogue Empire Sdn Bhd	32,718,187	3.73

Analysis of Shareholdings

as at 31 March 2016

No	Name	No of shares held	%
9.	Datuk Ling Suk Kiong	30,900,000	3.52
10.	Vogue Empire Sdn Bhd	28,500,000	3.25
11.	Joe Ling Siew Loung @ Lin Shou Long	21,073,200	2.40
12.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	18,692,100	2.13
13.	Joe Ling Siew Loung@ Lin Shou Long	17,812,500	2.03
14.	Lembaga Tabung Angkatan Tentera	12,542,050	1.43
15.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	8,601,400	0.98
16.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	5,747,300	0.66
17.	Koperasi Permodalan Felda Malaysia Berhad	4,300,000	0.49
18.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 12)	4,199,300	0.48
19.	Koperasi Permodalan Felda Malaysia Berhad	3,848,300	0.44
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (USA)	3,785,422	0.43
21.	PM Nominees (Tempatan) Sdn Bhd For Bank Kerjasama Rakyat Malaysia Berhad	3,176,700	0.36
22.	Burhanuddin Bin Md Radzi	3,095,280	0.35
23.	Cheng Ah Teck @ Cheng Yik Lai	3,000,000	0.34
24.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An For Eastspring Investments Berhad	2,934,850	0.34
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC.	2,675,012	0.30
26.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Wok Seng @ Loh Wak Seng (E-JCL)	2,666,100	0.30
27.	Citigroup Nominees (Tempatan) Sdn Bhd CBNY for DFA Emerging Market Small Cap Series	2,630,496	0.30
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin A11Man Growth Fund (4207)	2,605,000	0.30
29.	Joe Ling Siew Loung @ Lin Shou Long	2,578,125	0.29
30.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (KIB)	2,555,000	0.29

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting of the Company will be held at Imperial Hotel, Lot 827, Jalan Pos, 98000 Miri, Sarawak on Wednesday 25th May 2016 at 11.30 a.m. to transact the following purposes:-

AGENDA

ORDINARY BUSINESS

1. Adoption of Financial Statements

To receive the Audited Financial Statements for the financial year ended 31st December 2015 together with the Reports of the Directors and the Auditors thereon.

Ordinary Resolution 1

2. Approval of Directors' Fees

To approve the payment of Directors' Fees.

Ordinary Resolution 2

3. Re-Election of Directors

To re-elect the following directors who retire in accordance with Article 86(a) of the Company's Articles of Association:-

Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin
Chia Chu Fatt
Polit Bin Hamzah
Tuan Haji Abdul Aziz Bin Ishak

Ordinary Resolution 3
Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6

4. Re-Appointment of Director

To re-appoint the following director of the Company and to hold office until the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.

Datuk Ling Suk Kiong

Ordinary Resolution 7

5. Appointment of Auditors

To re-appoint Messrs KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.

Ordinary Resolution 8

AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Ordinary Resolutions:

Ordinary Resolutions

A. Ordinary Resolution - Proposed Renewal of 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 1.5 of the Circular to Shareholders dated 29 April 2016 with the specific related parties mentioned therein which are necessary for the Group's day to day operations, subject to the following:

Notice of Annual General Meeting

(cont'd)

- (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 9

B. Ordinary Resolution - Proposed Renewal of Authority To Purchase Own Shares

"THAT, subject to the compliance with Section 67A of 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 at the time of purchase of Dayang shares,
- (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 Securities 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.

Notice of Annual General Meeting

(cont'd)

AND THAT such authority conferred by this resolution shall 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 but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event in accordance with the provisions of the guidelines issued by Bursa Malaysia or any other relevant authority."

Ordinary Resolution 10

C. Ordinary Resolution - 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 Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 11

6. 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 7002221)
BAILEY KHO CHUNG SIANG (LS0000578)
Company Secretaries

Miri, Sarawak
Dated this 29 April 2016

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, the Proxy form, duly completed must be deposited at the Registered Office of the Company at Sublot 5-10, Lot 46, Block 10, Jalan Taman Raja, 98000 Miri, Sarawak 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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 18 May 2016 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.
8. 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' Mandate.

Notice of Annual General Meeting

(cont'd)

Explanatory Notes on Ordinary Business

Agenda 1

The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, agenda 1 is not put forward for voting.

Ordinary Resolution 7

The Proposed Ordinary Resolution 7 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a resolution be passed to re-appoint Datuk Ling Suk Kiong who is 70 years of age as Director of the Company and to hold office until the conclusion of the next AGM of the Company. This resolution shall be effect if be passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, be proxy at the AGM of the Company.

Explanatory Notes on Special Businesses

(a) Ordinary Resolution 9 – Proposed Renewal of Shareholders' Mandate for RRPT of a Revenue or Trading Nature

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

Please refer to the Circular to Shareholders dated 29 April 2016 for further information.

(b) Ordinary Resolution 10 - 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.

Please refer to the Statement on Share Buy-Back dated 29 April 2016 for further information.

(c) Ordinary Resolution 11 – 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.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by shareholders on 25 May 2015. The purpose of the renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising exercises, including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

At this juncture, there is no decision to issue any new shares. Should there be a decision to issue new shares after the general mandate has been obtained, the Company will make an announcement in respect of the purpose and/or utilisation proceeds arising from such issue.



Dayang Enterprise Holdings Bhd

(Company No. 712243-U)

(Incorporated in Malaysia)

CDS account no.	No. of shares held

PROXY FORM

I/We
IC No/ID No/Company no.....
of
being a member of/members of the above-named 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 10th Annual General Meeting of the Company to be held at Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on Wednesday, 25 May 2016 at 11.30 a.m. or any adjournment thereof, in the manner indicated below:-

Resolution	Agenda	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon		
2.	Approval of Directors' Fees		
3.	Re-election of Directors pursuant to Article 86(a) of the Company's Articles of Association:		
4.	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin		
5.	Chia Chu Fatt		
6.	Polit Bin Hamzah		
7.	Tuan Haji Abdul Aziz Bin Ishak		
8.	Re-appointment of Director pursuant to Section 129(6) of the Companies Act, 1965:		
9.	Datuk Ling Suk Kiong		
10.	Reappointment of Auditors: Messrs KPMG as Auditors authorizing the Directors to fix their remuneration		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature		
	Proposed Renewal of authority to purchase own shares		
	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 2016

.....
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 Sublot 5-10, Lot 46, Block 10, Jalan Taman Raja, 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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 18 May 2016 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.
8. 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' Mandate.

FOLD THIS FLAP FOR SEALING

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AFFIX
STAMP

The Company Secretary
Dayang Enterprise Holdings Bhd
Sublot 5 – 10, Lot 46, Block 10,
Jalan Taman Raja,
98000 Miri, Sarawak.

FOLD HERE

Head Office Sublot 5-10,
Lot 46, Block 10, Jalan Taman Raja,
Miri Concession Land District,
P.O. Box 1134, 98000 Miri,
Sarawak, Malaysia.

Tel : 085-420185
Fax : 085-421654
Email : inquiry@desb.net

www.desb.net