DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the First Quarter ended 31 March 2017 (Unaudited)

	Current Quarter Ended 31-Mar-17 RM'000	Corresponding Quarter Ended 31-Mar-16 RM'000	Cumulative Year To Date 31-Mar-17 RM'000	Corresponding Year To Date 31-Mar-16 RM'000
Revenue	117,910	111,830	117,910	111,830
Operating expenses	(97,616)	(80,076)	(97,616)	(80,076)
Gross profit	**20,294**	**31,754**	**20,294**	**31,754**
Other income	81	2,405	81	2,405
Administration expenses	(25,800)	(32,751)	(25,800)	(32,751)
Other operating expenses	(8,280)	-	(8,280)	-
Results from operating activities	**(13,705)**	**1,408**	**(13,705)**	**1,408**
Finance costs	(25,302)	(25,811)	(25,302)	(25,811)
Finance income	2,254	1,664	2,254	1,664
Net finance costs	**(23,048)**	**(24,147)**	**(23,048)**	**(24,147)**
Loss before tax	**(36,753)**	**(22,739)**	**(36,753)**	**(22,739)**
Income tax expense	(6,741)	(4,064)	(6,741)	(4,064)
Loss for the period	**(43,494)**	**(26,803)**	**(43,494)**	**(26,803)**
Other comprehensive loss, net of tax				
Foreign currency translation	(9,053)	(58,475)	(9,053)	(58,475)
Cash flow hedge	62	(193)	62	(193)
Other comprehensive loss for the period, net of tax	**(8,991)**	**(58,668)**	**(8,991)**	**(58,668)**
Total comprehensive loss for the period	**(52,485)**	**(85,471)**	**(52,485)**	**(85,471)**
Loss for the period				
Attributable to:				
Owners of the Company	(42,583)	(26,386)	(42,583)	(26,386)
Non-controlling interest	(911)	(417)	(911)	(417)
	(43,494)	**(26,803)**	**(43,494)**	**(26,803)**
Total comprehensive income for the period				
Attributable to:				
Owners of the Company	(51,395)	(83,889)	(51,395)	(83,889)
Non-controlling interest	(1,090)	(1,582)	(1,090)	(1,582)
	(52,485)	**(85,471)**	**(52,485)**	**(85,471)**
Weighted average number of ordinary shares in issue ('000)	877,100	877,100	877,100	877,100
Basic loss per ordinary share of RM0.50 each (sen)	(4.85)	(3.01)	(4.85)	(3.01)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Financial Position
As at 31 March 2017 (Unaudited)

	UNAUDITED AS AT 31-Mar-17 RM'000	AUDITED AS AT 31-Dec-16 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,710,361	1,801,610
Prepaid lease payments	10,031	10,123
Intangible assets	22,446	25,763
Deposit	48,470	48,810
Goodwill	653,627	653,627
Deferred tax asset	13,426	15,220
Derivative assets	253	190
TOTAL NON CURRENT ASSETS	**2,458,614**	**2,555,343**
CURRENT ASSETS		
Inventories	2,722	5,025
Trade and other receivables	204,162	244,798
Other investments	1,506	1,495
Deposits and prepayments	-	15,987
Current tax assets	7,614	7,997
Cash and cash equivalents	318,359	292,373
TOTAL CURRENT ASSETS	**534,363**	**567,675**
TOTAL ASSETS	**2,992,977**	**3,123,018**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	585,236	438,550
Share premium	-	146,686
Reserves	633,799	685,194
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**1,219,035**	**1,270,430**
NON-CONTROLLING INTEREST	**6,673**	**7,763**
TOTAL EQUITY	**1,225,708**	**1,278,193**
NON CURRENT LIABILITIES		
Loans and borrowings	989,532	1,289,952
Deferred tax liabilities	17,377	19,170
TOTAL NON CURRENT LIABILITIES	**1,006,909**	**1,309,122**
CURRENT LIABILITIES		
Loans and borrowings	589,207	348,263
Trade and other payables	163,752	182,177
Current tax liabilities	7,401	5,263
TOTAL CURRENT LIABILITIES	**760,360**	**535,703**
TOTAL LIABILITIES	**1,767,269**	**1,844,825**
TOTAL EQUITY AND LIABILITIES	**2,992,977**	**3,123,018**
Net Assets per share (sen)	139	145

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Changes in Equity
For the First Quarter ended 31 March 2017 (Unaudited)

	Attributable to the Owners of the Company					Non-controlling interest	Total Equity
	Non-Distributable			Distributable	Total		
	Share Capital	Share Premium	Other reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	**438,550**	**146,686**	**87,239**	**516,381**	**1,188,856**	**7,778**	**1,196,634**
					-		
Profit for the year	-	-	-	54,543	54,543	(563)	53,980
Foreign currency translation differences for foreign operations	-	-	26,769	-	26,769	543	27,312
Cash flow hedge	-	-	262	-	262	5	267
Total comprehensive income for the year	-	-	27,031	54,543	81,574	(15)	81,559
At 31 December 2016	**438,550**	**146,686**	**114,270**	**570,924**	**1,270,430**	**7,763**	**1,278,193**

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Changes in Equity (continued)
For the First Quarter ended 31 March 2017 (Unaudited)

	Attributable to the Owners of the Company					Non-controlling interest	Total Equity
	Non-Distributable			Distributable	Total		
	Share Capital	Share Premium	Other reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	**438,550**	**146,686**	**114,270**	**570,924**	**1,270,430**	**7,763**	**1,278,193**
Transfer in accordance of S618(2) of the Companies Act 2016	146,686	(146,686)	-	-	-	-	-
Loss for the period	-	-	-	(42,583)	(42,583)	(911)	(43,494)
Foreign currency translation differences for foreign operations	-	-	(8,873)	-	(8,873)	(180)	(9,053)
Cash flow hedge	-	-	61	-	61	1	62
Total comprehensive loss for the period	-	-	(8,812)	(42,583)	(51,395)	(1,090)	(52,485)
At 31 March 2017	**585,236**	**-**	**105,458**	**528,341**	**1,219,035**	**6,673**	**1,225,708**

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Cash Flows
For the First Quarter ended 31 March 2017 (Unaudited)

	Current period-to-date 31-Mar-17 RM'000	Corresponding period-to-date 31-Mar-16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(36,753)	(22,739)
Adjustments for:-		
- Non-cash items	44,008	35,923
- Non-operating items	23,109	102,104
Operating profit before changes in working capital	30,364	115,288
Changes in working capital		
Inventories	2,302	(60)
Trade and other receivables	96,334	109,439
Trade and other payables	(21,175)	(37,301)
Total changes in working capital	77,461	72,078
Cash generated from operations	**107,825**	**187,366**
Interest received	2,194	2,037
Interest paid	-	(78,977)
Tax paid	(7,568)	(9,302)
Total interest and tax paid	(5,374)	(86,242)
Net cash generated from operating activities	**102,451**	**101,124**
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of fixed deposits	(55,363)	-
Acquisition of property, plant and equipment	(889)	(7,862)
Proceeds from disposal of other investments	-	3,459
Net cash used in investing activities	**(56,252)**	**(4,403)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(55,482)	(60,021)
Payments of finance lease liabilities	(3,191)	-
Term loan interest paid	(21,980)	(25,164)
Net cash used in financing activities	**(80,653)**	**(85,185)**
Net (decrease)/increase in cash and cash equivalents	**(34,454)**	**11,536**
Effect of foreign exchange translation	**5,077**	**(2,780)**
Cash and cash equivalents at the beginning of the period	**234,445**	**218,315**
Cash and cash equivalents at the end of the period	**205,068**	**227,071**

Breakdown of cash and cash equivalents at the end of the period:-

Short term deposits	246,334	107,545
Cash and bank balances	72,025	136,013
	318,359	**243,558**
Less: Deposits pledged as security	(113,291)	(16,487)
Cash and cash equivalents	205,068	227,071

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (MFRS134), *Interim Financial Reporting* and with IAS 34, *Interim Financial Reporting* and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in Accounting policies

A2.1 Adoption of Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2016, except for the adoption of the following Standards, Amendments and Interpretations from 1 January 2017:

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*	1 January 2017
Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*	1 January 2017
Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

The adoption of the above Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group and the Company.

A2.2 Standards, Amendments and Interpretations issued but not yet effective

MFRS/ Amendment/ Interpretation	Effective date
MFRS 9, *Financial Instruments* (2014)	1 January 2018
MFRS 15, *Revenue from Contracts with Customers* Clarifications to MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 2, *share-based payment- Classification and Measurement of Share-based Payment Translation*	1 January 2018
Amendments to MFRS 4, *insurance Contracts-Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018
Amendments to MFRS 128, *Investments in Associates and Joint Venture (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*	1 January 2018
MFRS 16, *Leases*	1 January 2019
Amendments to MFRS 10, *Consolidated Financial* Statements and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2018, those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2018, except for Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and MFRS 140, which is assessed as presently not applicable to the Group.

- from the annual period beginning on 1 January 2019 Amendments to MFRS 16 which is effective for annual periods beginning on or after 1 January 2019.

The initial application of the above accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements for current and prior period financial statements of the Group.

A3. Auditors' report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

A4. Loss for the period

	Current quarter ended 31-Mar-17 RM'000	Current period-to-date 31-Mar-17 RM'000
Loss for the period is arrived at after charging:		
Depreciation of property, plant and equipment	34,669	34,669
Amortisation of intangible assets	3,318	3,318
Realised loss on foreign exchange	2,070	2,070
Unrealised loss on foreign exchange	6,032	6,032

Save for the above, there were no allowance for impairment loss on receivables or inventories, gain or loss on disposal of quoted or unquoted investments or properties and material exceptional items that are included in the profit of the Group for the current quarter and financial period ended 31 March 2017.

A5. Seasonal or cyclical factors

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations is normally affected by bad weather at the beginning and the end of the year and this factor has been taken into consideration in the Group's annual business plan.

A6. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter, except for the other comprehensive expense arising from foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

During the current quarter and financial period-to-date, the other expenses comprise of unrealised foreign exchange loss of RM6.0 million and realised foreign exchange loss of RM2.1 million, whereas the other comprehensive expenses arising from foreign currency translation amounted to losses of RM8.9million.

A7. Material changes in estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial quarter or changes in the estimates of amounts relating to the prior financial years that have a material effect in the current quarter.

A8. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

A9. Dividend paid

No dividend was paid during the current quarter and financial year to date.

A10. Segmental information

The Group is organized into the following operating segments:-

1. Investment holding
2. Offshore Topside Maintenance Services ("Offshore TMS")
3. Charter of Marine Vessels ("Marine Charter")
4. Rental of offshore equipment ("Equipment Rental")

Segmental Reporting

Cummulative 3 months ended 31 March 2017	Investment Holding RM'000	Offshore TMS RM'000	Marine Charter RM'000	Equipment Rental RM'000	Total RM'000	Adjustments RM'000	Consolidated RM'000
Revenue							
External revenue	-	105,330	12,580	-	117,910	-	117,910
Inter-segment revenue	1,265	-	14,671	2,383	18,319	(18,319)	-
Total revenue	1,265	105,330	27,251	2,383	136,229	(18,319)	117,910
Results							
Segment results	(104)	26,371	(34,729)	(1,925)	(10,387)	(3,318)	(13,705)
Finance costs	(8,460)	(616)	(15,757)	-	(24,833)	-	(24,833)
Inter-segment finance costs	-	-	(469)	-	(469)	-	(469)
Total finance costs	(8,460)	(616)	(16,226)	-	(25,302)	-	(25,302)
Finance income	202	1,294	696	62	2,254	-	2,254
Inter-segment finance income	-	-	-	-	-	-	-
Total finance income	202	1,294	696	62	2,254	-	2,254
Loss before tax	**(8,362)**	**27,049**	**(50,259)**	**(1,863)**	**(33,435)**	**(3,318)**	**(36,753)**
Income tax expense							**(6,741)**
Loss after tax							**(43,494)**

A11. Valuation of goodwill

Under MFRS 136, *Impairment of Assets* the Group is required to annually carry out impairment test on the cash generated units ("CGUs"), of which goodwill is allocated. 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.

MFRS 136 states that the annual impairment test for the following items may be performed at any time within an annual reporting period, provided that the test is performed at the same time every year. The group reassessed its CGUs as at 30 September 2016 to determine whether there is any indication that its CGUs may be impaired.

The group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of the CGUs. The recoverable amounts were compared against the carrying amounts of the CGUs. During the current quarter ended 31 March 2017 there was no impairment provided.

A12. Valuation of property, plant and equipment

The property, plant and equipment of the Group have been brought forward without amendment from their previous annual financial statements.

The group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 30 September 2016 to determine whether there is any indication that its assets may be further impaired or recovered.

The group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

During the current quarter ended 31 March 2017, there was no impairment provided.

A13. Capital commitments

As at 31 March 2017, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

A14. Material events subsequent to the end of year reported

There were no material events subsequent to the end of the current quarter and current period up to 17 May 2017 (not earlier than 7 days from the date of announcement of this interim financial report) that have not been reflected in the financial statements for the current quarter.

A15. Changes in composition of the group

There were no changes in the composition of the Group.

A16. Contingent Liabilities and Contingent Assets

The following are the contingent liabilities outstanding as at 31 March 2017.

	As at 31-Mar-17 RM'000
Unsecured:-	
Bank guarantee granted to third parties for the benefit of a subsidiary	4,800
	4,800

Further to the conclusion of the tax audit for Year of Assessment ("YA") 2007 to YA2010 as disclosed in Note 32 to the audited financial statements for the year ended 31 December 2016, PPB is currently responding to the request by IRB to revise its tax computations for YA2011 and subsequent years. PPB has engaged a tax consultant to assist in the revision of the affected tax computations and assess the tax impacts thereof. In February 2017, PPB responded to IRB that it disagreed with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. PPB may need to provide for additional tax payable, if any, arising from the revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage.

A17. Significant related party transactions

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other Key Management personnel, during the current quarter:-

Transactions with Directors and a company in which certain Directors have substantial financial interests:-	Nature	Amount for 3 months ended 31 March 2017	Unsettled balance as at 31 March 2017
		RM'000	RM'000
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard fabrication facilities with workshop, warehouse and office in Labuan	180	-
Ling Suk Kiong and his spouse Wong Siew Hong	Rental of office in Miri	9	-
Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahruddin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong)	Rental of office in Miri	186	-
Kunci Prima Sdn Bhd	Rental of office in Petaling Jaya	199	-
Kunci Prima Sdn Bhd	Rental of office in Kuala Baram	80	-
		654	-

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favorable than those transacted with unrelated parties.

B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of performance of the Company and its principal subsidiaries

The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	Current Quarter ended 31-Mar-17	Corresponding Quarter ended 31-Mar-16	Variance	
	RM'000	RM'000	RM'000	%
Revenue	117,910	111,830	6,080	5
Loss before amortisation expenses and tax	(33,435)	(22,739)	10,696	47
Amortisation expenses of intangible assets	(3,318)	-	3,318	100
Loss before tax	(36,753)	(22,739)	14,014	62
Loss for the period	(43,494)	(26,803)	16,691	62
Other comprehensive loss, net of tax	(8,991)	(58,668)	(49,677)	(85)
Total comprehensive loss for the period attributable to owners of the Company	(52,485)	(85,471)	(32,986)	(39)

Comparatively, the Group's revenue for the current quarter ended 31 March 2017 increased by 5% while loss before tax for the current quarter increased by 62% when compared to the corresponding quarter ended 31 March 2016. The higher revenue in the current quarter as compared to the corresponding quarter is due to higher work orders received and performed as compared to the corresponding quarter.

Whilst revenue increased by RM6.1 million ie 5%, loss before tax for the current quarter increased by RM14.0 million ie. 62% due to lower profit margin on work orders received and performed in the current quarter as compared to the corresponding quarter.

During the current quarter under review, the other expenses comprises of unrealised foreign exchange loss of RM6.0 million and realized foreign exchange loss of RM2.1 million. Other comprehensive loss include foreign currency translation losses of RM8.9 million arising from foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

In the opinion of the Directors, the results for the current quarter have not been affected by any transactions or events of a material nature which have arisen between 31 March 2017 and the date of this report.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	Current Quarter ended 31-Mar-17 RM'000	Preceding Quarter ended 31-Dec-16 RM'000	Variance RM'000	%
Revenue	117,910	185,607	(67,697)	(36)
Loss before amortisation expenses and tax	(33,435)	46,755	(80,190)	(172)
Amortisation expenses of intangible assets	(3,318)	(4,296)	978	(23)
Loss before tax	(36,753)	42,459	(79,212)	(187)

In the current quarter, the Group's revenue was 36% lower as compared to the preceding quarter while profit before amortisation expenses and tax was 172% lower as compared to the preceding quarter.

The lower revenue of RM117.9 million for the current quarter as compared to RM185.6 million for the preceding quarter is mainly due to lower vessel utilisation rate and lower work orders received and performed. The lower vessel utilisation rate is due to the monsoon season experienced and some vessels were undergoing maintenance and upgrading work during the current quarter under review.

Whilst revenue decreased by RM67.7 million ie. 36%, profit before amortisation expenses and tax decreased by RM80.2 million ie. 172% mainly due to lower vessel utilisation rate and lower profit margin contribution from work orders performed in the current quarter as compared to the preceding quarter. The lower work orders received are due to the decline in crude oil prices and well as the monsoon season. In addition, the loss before tax in the current quarter has also taken into account of realized and unrealised foreign exchange losses of RM2.1 million and RM6.0 million respectively as opposed to RM41.3 million in unrealised foreign exchange gain in the preceding quarter.

B3. Prospects

Typically, the first quarter is always a sluggish quarter of the year as monsoon sets in and as a result, the Group was badly hit in the OSV segment with a much lower fleet utilisation and also lower vessel charter rates. Going forward, vessel utilisation and the maintenance activities should gradually improve and the outlook for 2017 remains challenging but more optimistic.

In the last two weeks, the price of crude oil has recovered and stabilised to about USD53 per barrel. The proposal by OPEC and non-OPEC members to further extend production cuts have certainly stabilised crude oil prices. Oil majors should view this with optimism and be encouraged to increase spending in 2017 and beyond. The increased spending will generate more opportunities for the service providers of maintenance services and OSV chartering business. As such, it is in this area that the Group anticipates a better prospect going forward.

On the domestic scene, based on a Petronas Activity Outlook report 2017-2019, the Topside Maintenance sector should see more renewed activities over the next few years and the Group should likewise benefit from this.

Our Group currently has remaining order book of about RM2.6 billion where a substantial portion would be called out by 2018 and some into 2019. The Group is currently awaiting the results of some tenders for jobs amounting to RM5.0 billion. Though we cannot predict the outcome of these tenders, the Group has always demonstrated operational track record and has a clear market leadership in the Brownfield services segment.

B3. Prospects (continued)

The Group has recently successfully completed a private placement in raising RM89 million and the proceeds will be utilised to pare down bank borrowings to reduce the Group's gearing. The proposed distribution of dividends in specie of up to 37.5% of Perdana Petroleum Bhd's (PPB) shares coupled with the proposed 10% private placement of PPB shares should see PPB's relisting of its shares in Bursa Malaysia before the end of August 2017.

Amidst all the challenges and a difficult oil and gas industry, the Board remains vigilant and will continue to exercise due care and prudence in the running and administration of the company's business.

B4. Profit forecast and profit guarantee

There was no profit guarantee issued by the Group.

B5. Income tax expense

	Current quarter ended 31-Mar-17 RM'000	Current year-to-date 31-Mar-17 RM'000
Malaysian income tax	6,741	6,741
Income tax expense	6,741	6,741

Despite the consolidated losses for the current quarter and financial period-to-date, the Group still incurs a current tax charge of RM6.7 million as the losses incurred by as losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

B6. Profit from sale of unquoted investments and/or properties

There were no disposals of unquoted investments and properties for the current quarter.

B7. Quoted securities

Movement in unit trusts:

	Current quarter ended 31-Mar-17 RM'000	Cummulative Year-to-date 31-Mar-17 RM'000
At beginning of the period	1,495	1,495
Change in fair value	12	12
At end of the period	1,507	1,507
Market value	1,507	1,507

B8. Status of corporate proposal

(i) Public Shareholding Spread

The subsidiary of the Group, Perdana Petroleum Bhd ("PPB") had on 3 February 2016 submitted to Bursa Securities an application for a further extension of time to comply with the public spread requirement. Bursa Securities has vide their letter dated 1 April 2016 granted PPB a further extension of time of 6 months i.e. from 13 February 2016 to 12 August 2016 to comply with the public shareholding spread requirement.

PPB had on 20 July 2016 and 28 December 2016 applied for a further extension of time of 3 months from 13 August 2016 to 12 November 2016 and 7 months from 13 November 2016 to 30 June 2017 respectively to comply with the public shareholding spread requirement.

On 24 February 2017, PPB announced that Bursa Securities had vide their letter dated 23 February 2017 granted the Company an extension of time until 12 May 2017 to comply with the public shareholding spread requirement.

PPB had on 8 May 2017 applied for a further extension of time of six months from 13 May 2017 to 12 November 2017 to comply with the public shareholding spread requirement.

On 16 May 2017, PPB made an announcement proposing to undertake a private placement of up to 10% of the total number of issued shares of the Company ("Proposal") to improve its public shareholding spread as well as to raise funds for working capital and partially repay bank borrowings. In addition, PPB had on the same day applied to Bursa Securities to seek resumption of trading of its shares on the Main Market of Bursa securities upon completion of the Dayang Distribution ("Resumption of Trading"). The purpose of the Resumption of Trading is to allow the shareholders of Dayang to commence trading of their PPB shares and also to facilitate the implementation of the Proposal by providing a market reference price for pricing the new PPB shares to be issued pursuant to the proposal.

PPB is awaiting Bursa Securities' responses to both the extension of time and lower public shareholding spread applications.

(ii) Private Placement of up to 10% of the total number of issued shares of Dayang Enterprise Holdings Bhd ("Dayang")

The Board of Directors had on 24 February 2017 announced a proposed private placement of up to 10% of the total number of issued shares of Dayang.

Bursa Malaysia Securities Berhad has vide its letter dated 2 March 2017 approve the listing of and quotation for up to 87,709,993 new shares (Placement Shares) on the Main Market of Bursa Securities.

The Private Placement has been completed on 27 April 2017 following the listing and quotation for 87,709,900 placement shares, representing approximately 10% of the total number of issued shares of Dayang, on the Main Market of Bursa Securities. Total gross proceeds of RM89,113,258.40 were raised from placing out 87,709,900 shares at placement price of RM1.016 per share.

(ii) Private Placement of up to 10% of the total number of issued shares of Dayang Enterprise Holdings Bhd ("Dayang") (continued)

Dayang intends to utilize the placement proceeds for repayment of the borrowings of Dayang and its subsidiaries and to defray the expenses relating to the placement exercise as follows:

Purpose	RM'000	Estimated timeframe for utilisation
Repayment of borrowings	87,613	Within 6 months
Estimated placement expenses	1,500	Within 1 month
Total	**89,113**	

(iii) Proposed distribution of up to 292,229,202 ordinary shares in Perdana Petroleum Berhad (Perdana) by way of dividend-in-specie to shareholders of Dayang

The Board of Directors had on 12 May 2017 announced a proposed distribution of up to 292,229,202 Perdana Shares representing about 37.5% equity interest in Perdana, by way of dividend-in-specie to the shareholders of Dayang.

Dayang holds about 98.01% equity interest in Perdana such that Perdana's public shareholding spread stood at about 1.99% only.

The proposed dividend-in-specie is undertaken to improve the public shareholding spread of Perdana as well as to reward the shareholders of Dayang for their continuous support for the Company and to provide them with an opportunity to invest directly in Perdana at no cost.

Barring any unforeseen circumstances, the Proposed dividend-in-specie is expected to be completed before the end of August 2017.

Save for the above, there was no corporate proposal announced or not completed by the Group as at the latest practicable date of 17 May 2017.

B9. Group borrowings and debt securities

Total Group's borrowings as at 31 March 2017 were as follows:

	RM'000
Short term borrowings	
Secured	574,207
Unsecured	15,000
	589,207
Long term borrowings	
Secured	989,532
	989,532
Total	1,578,739

The above includes borrowings in US Dollars equivalent to RM266 million (31 December 2016: RM280 million)

B10. Material litigation

As at 17 May 2017, (not earlier than 7 days from the date of announcement of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant except for the following:

B10.1 Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal

Perdana Petroleum Bhd (PPB) had on 22 June 2011 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 Bhd, Yap Hock Heng and TA First Credit Sdn Bhd to claim for losses and damages suffered by PPB in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Bhd (PEB) by PBB 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 TA Securities Holdings Bhd 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 has 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 quarter ending 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.

B10.1 Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal (Cont'd)

On 23 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.

The Federal Court has 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.

On 10 October 2016, Tengku Ibrahim, Wong Fook Heng and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court had fixed 18 October 2016 for the continued hearing but unfortunately the continued hearing could not take place on the said date. The Federal Court subsequently fixed 16 November 2016 as the continued hearing date.

However, on 8 November 2016, the Federal Court via a letter informed all parties that the continued hearing scheduled on 16 November 2016 was converted to a Case Management and the new continued hearing date is fixed on 2 February 2017.

On 2 February 2017, the Federal Court has heard all of the parties for the continued hearing. However, the federal Court has deferred the decision to a later date which is yet to be determined.

B10.2 Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent)

In relation to the proposed acquisition of two units of 500-men accommodation workbarges, identified as Vessel Hull No. SK316 and SK317 from Nam Cheong International Limited ("NCIL") at a consideration of USD84.0 million, the Company's wholly owned subsidiary, Petra Offshore Limited ("POL") had on 1 December 2016 sent a notification to NCIL of the cancellation of the Memorandum of Agreement ("MoA") on the acquisition of the accommodation work barge identified as Vessel Hull No. SK317 ("Vessel") as NCIL had not fulfilled the condition of delivery of the Vessel in accordance with the terms and conditions of the MoA. Accordingly, POL had sought for the immediate return of the deposit paid of USD8.4 million ("Deposit"), as advised by the legal counsel.

On 5 December 2016, POL received a letter from NCIL stating that POL has no right to cancel the MoA and in view thereof had breached the terms of the MoA. NCIL had consequently treated the MoA as terminated and had forfeited the Deposit.

Notwithstanding the above claims by NCIL, POL had on 9 December 2016 through its solicitors issued a letter of demand to NCIL for the return of the Deposit.

On 22 December 2016, POL received from the solicitors of NCIL a Notice of Arbitration dated 22 December 2016 that NCIL has filed with the Kuala Lumpur Regional Centre for Arbitrations as Claimant against POL as the Respondent in respect of disputes arising out of the MoA for the sale and purchase of one unit 500-men accommodation work barge (Hull No. SK317) dated 23 June 2014 as amended by the Addendum No. 1 dated 27 May 2015.

NCIL is seeking, inter alia, the relief that POL's purported termination of the MoA on 1 December 2016 was wrongful and unwarranted and the forfeiture of the 20% deposit amounting to USD8.4 million together with damages arising from failure and/or refusal and/or neglect of POL to take delivery of the Vessel.

B10.2 Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent) (Cont'd)

On 18 January 2017, POL had via its solicitors issued a Response to Notice of Arbitration to NCIL. POL's Response to Notice of Arbitration counterclaimed that NCIL's claim against POL is misconceived and erroneous as the Vessel was not in every respect physically ready for delivery and therefore the relief or remedy sought by NCIL did not arise and the cancellation of the MoA by POL was valid. Hence, POL continued to seek the immediate release of the deposit paid.

B11. Dividend

No dividend was proposed or declared during the quarter under review.

However, the Board had on the 12 May 2017 proposed distribution by way of dividend-in-specie as disclosed under note B8(iii) to the shareholders of Dayang.

B12. Earnings per share

Basic Earnings Per Share	Current Quarter Ended 31-Mar-17	Corresponding Quarter Ended 31-Mar-16	Cumulative Period Ended 31-Mar-17	Corresponding Period Ended 31-Mar-16
Loss for the period attributable to Owners of the Company (RM'000)	(42,583)	(26,386)	(42,583)	(26,386)
Weighted average number of ordinary shares in issue ('000)	877,100	877,100	877,100	877,100
Basic loss per share (sen)	(4.85)	(3.01)	(4.85)	(3.01)

B13. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follows:

	As at 31-Mar-17 RM'000	As at 31-Dec-16 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	780,751	706,514
Unrealised	(3,215)	81,457
less: Consolidation adjustments	(249,195)	(217,047)
Total retained earnings as per consolidated accounts	528,341	570,924

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

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 May 2017.