destiniberhad

ANNUAL REPORT 2015

CONTENT

ABOUT
DESTINI BERHAD

Destini Berhad ("Destini" or "the Company" or "the Group") is an integrated engineering solutions provider with diverse interest in the aviation, marine, automotive as well as oil and gas industries. With a core business in ensuring safety and survival equipment efficiency in these industries, the Group excels in being one of the leading maintenance, repair and overhaul (MRO) service provider in the regions it has exposure in.

The Group started off as an aviation tool and spare parts trading company supplying for the defence industry. Two decades later, Destini has evolved to provide a diversified range of products and services for the aviation, marine and automotive industries for both defence and commercial sectors. With a wider portfolio and coupled with Destini's foray into oil and gas expanded the Group's geographical footprint over the Asian, Australian, Middle East and European regions.

Aviation

- Provides technical line maintenance and hangar-based mro for civil airlines
- Provides civil airline component MRO services
- Provides cylinder testing and calibration services
- Is able to take on aircraft salvage operations
- Provides safety and survival-related equipment MRO for Armed forces and civil airlines

Marine

- Shipbuilding and ship repair for paramilitary and commercial vessels
- Provides safety and survival-related equipment MRO for maritime agencies
- Manufactures lifeboats, fast rescue boats, davit systems and hooks

INTEGRATED ENGINEERING SOLUTION

Destini focuses on offering total engineering solution that form an integral part of customers assets and businesses.

NICHE MARKET

We offer our experties in niche markets where it can provide the highest impact to customer's operations especially within the aviation, marine, oil and gas, automotive and green technology

Automotive

- Assembly, fabrication, refurbishment and MRO of vehicles used by the Armed Forces, police and other government agencies
- Assembly, fabrication, refurbishment and MRO of commercial security vehicles such as busses, coaches and vans.
- Supply electronic equipment, surveillance and tracking systems, spare parts, components and accessories for both security and defence related special vehicles.

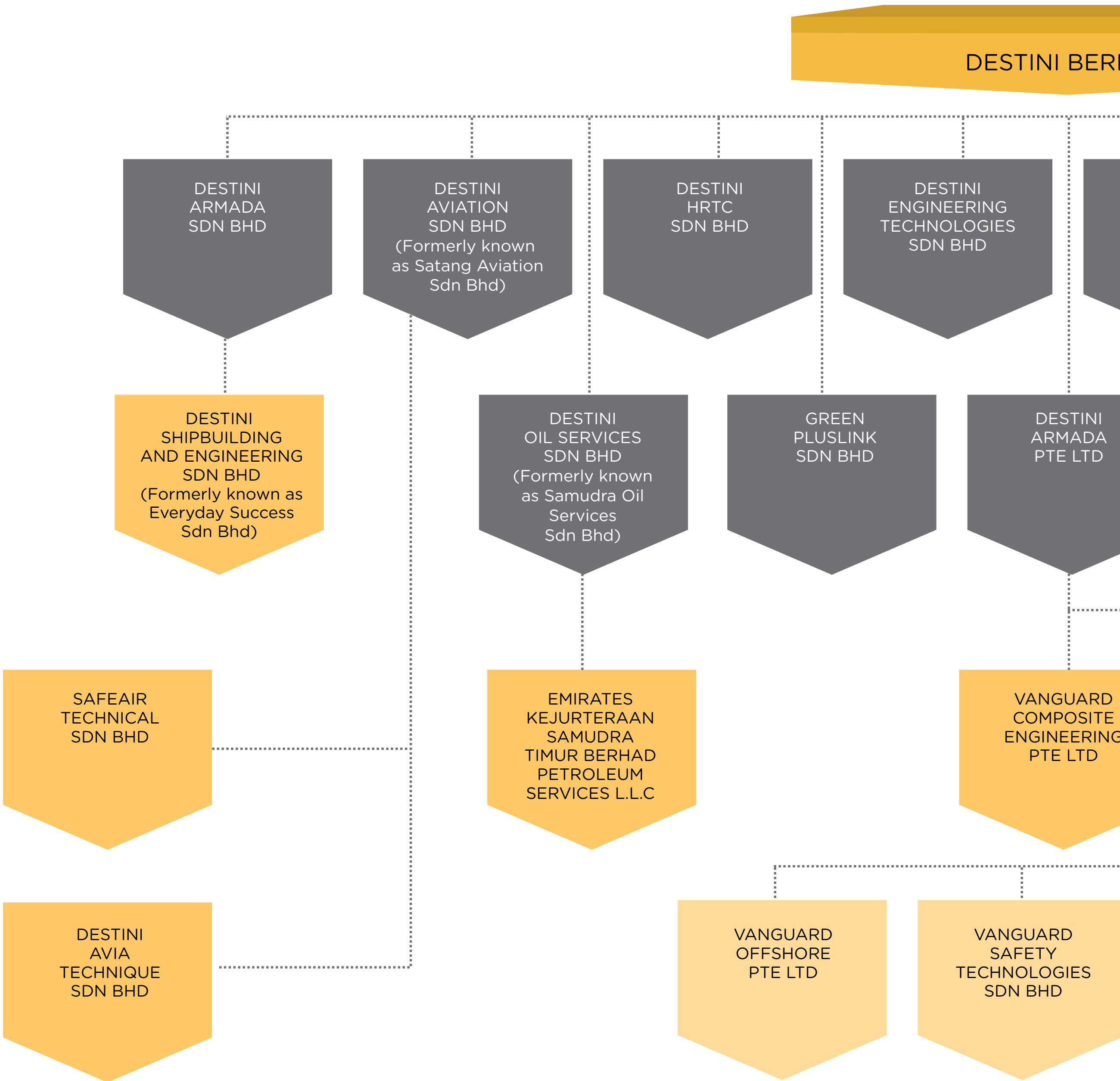
Oil & Gas

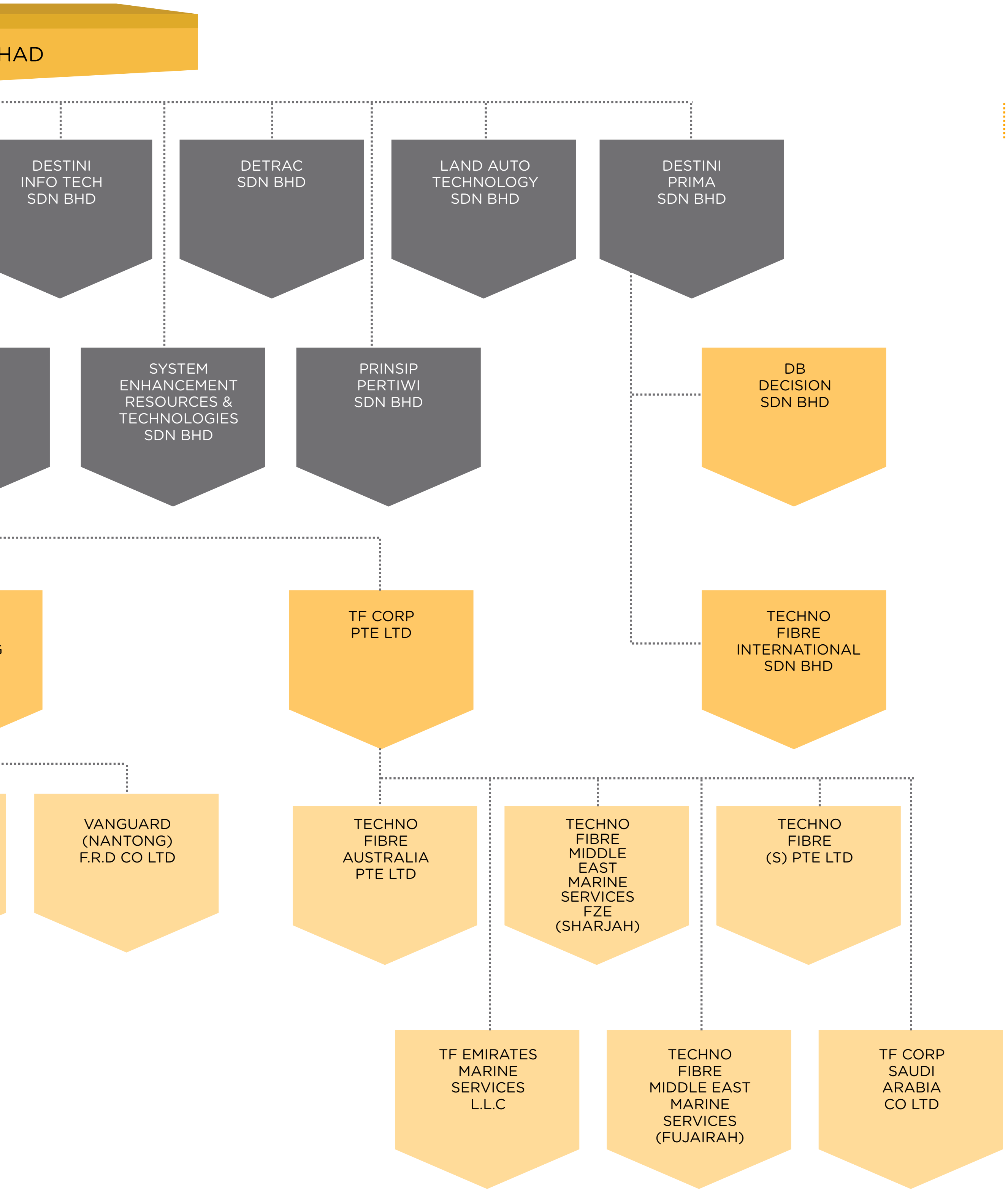
- Is able to support field decommissioning and well plug abandonment
- Provides tubular handling equipment and running services for oil and gas exploration and production
- Provides bucking services and hammer services for well drilling
- Provides thru-tubing workover/ completion systems and a variety of thru-tubing packer systems for many remedial well bore operations

Research & Development

- Design, analyse and manufacture customised tools and equipment for aviation, naval and automotive industries in the defence sector as well as oil and gas
- Prototype development
- Rectification and modernisation of weapons testing systems
- Troubleshoot and repair services

CORPORATE STRUCTURE OF DESTINI BERHAD





DESTINI INFO TECH SDN BHD
DETRAC SDN BHD
LAND AUTO TECHNOLOGY SDN BHD
DESTINI PRIMA SDN BHD
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN BHD
PRINSIP PERTIWI SDN BHD
DB DECISION SDN BHD
TF CORP PTE LTD
TECHNO FIBRE INTERNATIONAL SDN BHD
VANGUARD (NANTONG) F.R.D CO LTD
TECHNO FIBRE AUSTRALIA PTE LTD
TECHNO FIBRE MIDDLE EAST MARINE SERVICES FZE (SHARJAH)
TECHNO FIBRE (S) PTE LTD
TF EMIRATES MARINE SERVICES L.L.C
TECHNO FIBRE MIDDLE EAST MARINE SERVICES (FUJAIRAH)
TF CORP SAUDI ARABIA CO LTD

SUBSIDIARY AND SUB-SUBSIDIARIES

01
Destini Prima Sdn Bhd (223732-V)
Maintenance, Repair and Overhaul (MRO) services for Safety, Survival, Security and Rescue equipment.

02
Destini Armada Sdn Bhd (378597-W)
Provides service and maintenance of marine safety and survival equipment to the Malaysian marine defence agencies and maritime industries.

03
Destini Info Tech Sdn Bhd (561654-M)
Provides ICT consultancy and solution services.

04
Destini HRTC Sdn Bhd (967258-X)
Provides training and education consultancy.

05
Destini First Sdn Bhd (217774-M)
Vendor of defence and aviation equipment, parts and accessories.

06
DB Precision Sdn Bhd (1057950-U)
To carry on the business of provision of calibration and cylinder services in Malaysia and worldwide.

07
Detrac Sdn Bhd (1101831-X)
Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development.

08
Prinsip Pertiwi Sdn Bhd (1139310-V)
To carry on the business as general merchants

09
Green Pluslink Sdn Bhd (635222-H)
Extrusion and recycling of waste tyres.

10
Destini Engineering Technologies Sdn Bhd (536657-H)
Maintenance, repair and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas.

11
Destini Aviation Sdn Bhd (367847-D)
Provides maintenance, repair and overhaul of safety and survival equipment.

12
Land Auto Technology Sdn Bhd (1139580-K)
Fabrication, manufacturing, supply delivery and maintenance of vehicles.

13
Destini Australia Pty Ltd (158 026 049)
Dormant.

14
Destini Armada Pte Ltd (201228769N)
Investment Holdings.

15
Destini Fire Safety Sdn Bhd (523347-K)
Dormant.

16
Destini Aero Teknologi Sdn Bhd (967257-T)
Dormant.

17
Destini Shipbuilding and Engineering Sdn Bhd (Formerly known as Everyday Success Sdn Bhd) (1067389-K)
Consulting, design and marine engineering services provided to shipyards, ship owners and engineering/design companies.

18
Vanguard Safety Technologies Sdn Bhd (1033613-X)
Manufacturing, marketing and servicing of safety survival marine related products for the marine and oil and gas industry and to provide training and technical assistance to authorised service agents in Malaysia or worldwide.

19
Vanguard Composite Engineering Pte Ltd (198700526G)
Manufacture and offers the service and maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

20
Vanguard Offshore Pte Ltd (200923004Z)
Wholesaler of Marine Equipment and Accessories (General Importers and Exporters of Marine Equipment and Accessories).

21
Vanguard (Nantong) F.R.D Co Ltd (3200775411024)
Manufacturing, maintaining and trading of FRP ship, FRP products and life-saving equipment.

22
TF Corp Pte Ltd (201310889H)
Investment Holdings.

23
Technofibre International Sdn Bhd (522271-P)
Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

24
Techno Fibre (M) Sdn Bhd (753162-W)
Dormant.

25
Techno Fibre (S) Pte Ltd (199300541H)
Repair and Service of Fibre Composite Life Boats & Davits and Consultation Engineering and Servicing.

26
Techno Fibre Australia Pty Ltd (ACN 103 625 618)
Provides maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping.

27
Techno Fibre Middle East Marine Services FZE (06585)
Lifeboat and davit, fast rescue craft repair, maintenance and load testing together with life craft and fire and gas protection and detection systems inspection and servicing.

28
Techno Fibre Middle East Marine Services (Sharjah) (06585)
Provides installation and maintenance of marine equipment.

29
Techno Fibre Middle East Marine Services (Fujairah) (12-B-113121)
Provides installation and maintenance of marine equipment.

30
TF Emirates Marine Services L.L.C (TN-1794649)
Provides marine maintenance, repair and overhaul (MRO) services and trading.

31
TF Corp Saudi Arabia Co Ltd (SAGIA LICENSE NO - 12219360655725)
Providing maintenance, installation and repair of marine equipment and trading activities of marine safety products.

32
Destini Oil Services Sdn Bhd (Formerly known as Samudra Oil Services Sdn Bhd) (905337-M)
Provider of tubular handling equipment and running services in the oil and gas industry.

33
Emirates Kejurteraan Samudra Timur Berhad Petroleum Services L.L.C (Trade License No. 1000730)
Provide
(i) Oil and Gas Production Facilities Operation and Maintenance Services
(ii) Onshore and Offshore Oil and Gas Fields and Facilities Services.

34
Safeair Technical Sdn Bhd (878513-M)
Specialises in component maintenance, repair and overhaul (MRO) for the commercial aviation sector.

35
Destini Avia Technique Sdn Bhd (1153331-T)
Provide Technical Line Maintenance Services for commercial airlines operating to Malaysia.

36
Satang Environmental Sdn Bhd (546811-V)
Dormant.

37
Satang Construction Sdn Bhd (789202-P)
Dormant.

38
Satang ICS-Global Sdn Bhd (741664-D)
Dormant.

CORPORATE INFORMATION

BOARD OF DIRECTORS

From left:

1 **Tan Sri Dato' Sri Rodzali bin Daud**
Independent & Non-Executive Chairman

2 **Dato' Rozabil @ Rozamujib bin Abdul Rahman**
Group Managing Director

4 **Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid**
Independent & Non-Executive Director

5 **Dato' Che Sulaiman bin Shapie**
Independent & Non-Executive Director

7 **Dato' Sri Dr Mohmad Isa bin Hussain**
Non-Independent & Non-Executive Director

AUDIT COMMITTEE

Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid
(Chairman)

Dato' Che Sulaiman bin Shapie

Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Dato' Sri Rodzali bin Daud
(Chairman)

Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid

Dato' Che Sulaiman bin Shapie

3 **Abdul Rahman bin Mohamed Rejab**
Executive Director

6 **Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman**
Independent & Non-Executive Director

OPTION COMMITTEE

Dato' Rozabil @ Rozamujib bin Abdul Rahman
(Chairman)

Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid

Dato' Che Sulaiman bin Shapie

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)

Chong Voon Wah (MAICSA 7055003)

AUDITORS

Messrs UHY
Firm Number: AF 1411
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur, Malaysia
Tel : 03-2279 3088
Fax : 03-2279 3099

PRINCIPAL BANKER

1. AmIslamic Bank Berhad (8515-D)
2. Malayan Banking Berhad (3813-K)
3. Export-Import Bank of Malaysia Berhad (357198)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : DESTINI
Warrant : DESTINI-WA
Stock Code : 7212
Warrant Code : 7212WA

REGISTERED OFFICE

No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233

CORPORATE OFFICE

No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233
Email : info@destinigroup.com
Website : www.destinigroup.com

REGISTRAR

Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : 03-7727 3873
Fax : 03-7728 5948
Email : insurban@yahoo.com

INVESTOR RELATIONS

Rohaya Halil
No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Email : info@destinigroup.com
Tel : 03-5567 0333
Fax : 03-5569 1233

DIRECTORS' PROFILE

TAN SRI DATO' SRI RODZALI BIN DAUD
Independent & Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee

Nationality / Age	: Malaysian / 61
Date of Appointment	: 15 May 2015
Areas of expertise	: Defence

Qualifications :
1. Masters in Defence Studies from Universiti Kebangsaan Malaysia
2. Masters in Strategic Studies from Quaid-i-Azam University, Pakistan

Tan Sri Dato' Sri Rodzali has had an illustrious and exemplary career in the Royal Malaysian Air Force (RMAF), starting off as an Officer in the RMAF in 1973 until his retirement as the Chief of the Royal Malaysian Air Force in March 2015.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN
Group Managing Director

Nationality / Age	: Malaysian / 44
Date of Appointment	: 11 November 2010
Areas of expertise	: Construction, Investment Trading

Qualifications :
Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur.

Dato' Rozabil has been on the board as Group Managing Director since 7 January 2014. Initially he was appointed as an Independent & Non-Executive Director on 11 November 2010. Upon the resignation of the former Managing Director, he then was re-designated as Managing Director of the Company on 3 January 2011.

He has diversified interests ranging from construction and property development to trading and serves as director of several other private companies. He started his career as Managing Director of BPH Engineering Sdn Bhd, an M&E engineering company. He later established Benar Prima Resources Sdn Bhd, a construction and development company and Benar Prima Capital Sdn Bhd, an investment trading company.

His vision and strategies have led to the Group's successful track record of growth and financial strength and is also instrumental in leading the executive team in implementing the Group's strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading the Group into the future.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

DATO' MEGAT FAIROUZ JUNAIDI BIN TAN SRI MEGAT JUNID

Independent & Non-Executive Director

Chairman of the Audit Committee
Member of the Nomination and Remuneration Committee
Member of the Option Committee

Nationality / Age	: Malaysian / 51
Date of Appointment	: 17 August 2010
Areas of expertise	: Information Technology (IT)

Qualifications :

1. Bachelor of Science in Finance from Arkansas State University
2. Master in Business Administration from Arkansas State University

Dato' Megat has many years of experience in the corporate sector and is currently the Independent Non-Executive Chairman of Inix Technologies Holdings Berhad.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

ABDUL RAHMAN BIN MOHAMED REJAB

Executive Director

Nationality / Age	: Malaysian / 50
Date of Appointment	: 3 January 2011
Areas of expertise	: Finance, Construction

Qualifications :

Bachelor Degree in Finance from St. Louis University, Missouri, United States of America.

En Abdul Rahman has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad. He is currently the Independent & Non-Executive Director in Viztel Solutions Berhad.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

PROFESSOR DATIN DR SUZANA BT SULAIMAN @ MOHD SULEIMAN
Independent & Non-Executive Director

Member of the Audit Committee

Nationality / Age	: Malaysian / 51
Date of Appointment	: 8 January 2013
Areas of expertise	: Accounting

Qualifications :
1. Master of Accounting (Distinction) from Curtin University of Technology, Australia
2. Doctorate with a PhD from University of Edinburgh, Scotland, United Kingdom
3. Fellow of the Chartered Institute of Management Accountants (CIMA) UK
4. Chartered Global Management Accountant(CGMA)
5. Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Professor Datin Dr Suzana is currently the Assistant Vice Chancellor, Institute of Leadership & Quality Management (iLQAM), University Teknologi MARA (UiTM) since March 2012. She is a Professor in Management Accounting, Faculty of Accountancy and Head of Asian Management Accounting Research Centre (AMARC), Accounting Research Institute (ARI). She has over 22 years of experience in the Education Field with UiTM from 1991 until now. She is also actively involved with Chartered Institute of Management Accountants (CIMA) (UK) activities and currently she is the Deputy Chairman of CIMA Malaysia Country Branch.

She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past ten years other than traffic offences, if any.

DATO' CHE SULAIMAN BIN SHAPIE
Independent & Non-Executive Director

Member of the Audit Committee
Member of the Nomination and Remuneration Committee
Member of the Option Committee

Nationality / Age	: Malaysian / 59
Date of Appointment	: 8 January 2013
Areas of expertise	: Finance, Agriculture

Qualifications :
Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia

Dato' Sulaiman is currently running his own business in various fields. He has over 12 years of experience in the financial and credit management with Bank Islam Malaysia Berhad from 1984 until 1996.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

DATO' SRI DR MOHMAD ISA BIN HUSSAIN

Non-Independent & Non-Executive Director

Nationality / Age	: Malaysian / 58
Date of Appointment	: 1 December 2015
Areas of expertise	: Finance, Investment

Qualifications :

1. Philosophy Doctorate (PhD) in Finance from the Universiti Putra Malaysia (UPM)
2. Master of Business Administration (MBA) in Finance from the Universiti Kebangsaan Malaysia (UKM)
3. Bachelor of Economics (Honours) degree in Applied Statistics from the Universiti Malaya (UM)
4. Post-graduate Diploma in Public Management from the National Institute of Public Administration (INTAN)

Dato' Sri Dr Mohmad Isa began his career in 1983 as Assistant Director in the Prime Ministers Department and subsequently appointed as Assistant Director at the Pahang State Economic Planning Unit of Pahang in 1985. He then joined the Ministry of Finance (MOF), holding various positions, including Assistant Secretary in the Government Procurement Division from 1990 to 1995 and as Senior Assistant Director of the Budget Management Division until 2000. In 2004, he assumed the position of Deputy Under Secretary of Investment, Minister of Finance (Inc.) and Privatisation Division. Dato' Sri Dr Mohmad Isa then moved to the Ministry of Transport Malaysia in 2008 as Deputy Secretary General (Operation) and was subsequently appointed as Interim Head of the Public Land Transportation Commission (SPAD) from 2009 to 2010.

He returned to MOF to serve as Deputy Under Secretary in Government Investment Companies (GIC) Division from 2010 to January 2015 and thereafter as Under Secretary of GIC Division. Dato' Sri Dr Mohmad Isa is currently the Deputy Secretary General, Treasury (Investment). He also holds directorship in Malaysia Airports Holdings Berhad, Telekom Malaysia Berhad and Pos Malaysia Berhad.

He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences, if any.

DESTINI'S **HISTORY IN BRIEF**

March 1991

Satang Jaya Sdn Bhd commenced operations as an aviation tools and spare parts supplier.

May 1998

Satang Jaya was awarded the contract to provide MRO services for RMAF's safety and survival equipment under MinDef's RMAF Contractorisation Programme.

December 2005

Satang Jaya entered Bursa Malaysia, under the name Satang Jaya Holdings Berhad and subsequently changed its name to Satang Holdings Berhad in June 2007.

March 2013

Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd for RM80 million.

April 2013

- Destini acquired the Techno FIBRE Group to wholly-own Techno FIBRE Australia Pty Ltd, Techno FIBRE Middle East Marine Services FZE, Techno FIBRE International Sdn Bhd and Techno FIBRE (S) Pte Ltd. The Techno FIBRE Group is in the business of lifeboat and davit maintenance.
- After completing its regularisation plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

August 2013

The Group acquired its own building in Glenmarie Industrial Park, Shah Alam to house its corporate office and workshop facilities.

March 2014

Destini acquired a 51.9% stake in Green Pluslink Sdn Bhd, a company that is in the business of extrusion and recycling of waste tyres to produce carbon black, diesel fuel and scrap metal.

August 2014

The Group acquired Destini Shipbuilding & Engineering Sdn Bhd which is sub-contracted to fabricate six patrol vessels worth RM381.30 million for the Malaysian Maritime Enforcement Agency.

September 2015

Destini acquired the remaining 49% stake it did not own in Vanguard to wholly-own the lifeboat maker.

May 2008

Due to financial woes, Satang Holdings fell into Bursa Malaysia's PN17 category.

February 2012

Destini acquired a minus 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd (SERT).

July 2009

Satang Holdings shares were suspended from trading by Bursa Malaysia on July 13.

September 2011

As part of its regularisation plan, Satang Holdings changed its name to Destini Berhad to reflect a synergised and aligned business direction. The name change is also part of a turnaround plan for the Group to strengthen its financial muscles while exploring new business ventures.

August 2012

Destini's suspension of trade by Bursa Malaysia was lifted on August 13 after its regularisation plan was approved.

December 2012

Destini acquired a 51% stake in Singapore-based Vanguard Composite Engineering Pte Ltd, a company that manufactures lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

August 2014

Destini acquired a 50% stake in Detrac Sdn Bhd to become the research and development arm of the Group. Subsequently, the Group increased its shareholding in Detrac to 70% in November 2014.

April 2015

Destini wholly acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.

June 2015

- Destini acquired a 80% stake in Safeair Technical Sdn Bhd, a company that provides Line Maintenance services for civil airlines in local airports.
- Destini Aviation Sdn Bhd entered into a joint venture agreement with UK-based Avia Techinique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd (DAT). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for civil air craft components.

FINANCIAL PERFORMANCE AT A GLANCE

REVENUE

up
61%
y-o-y
to
RM270.05
million

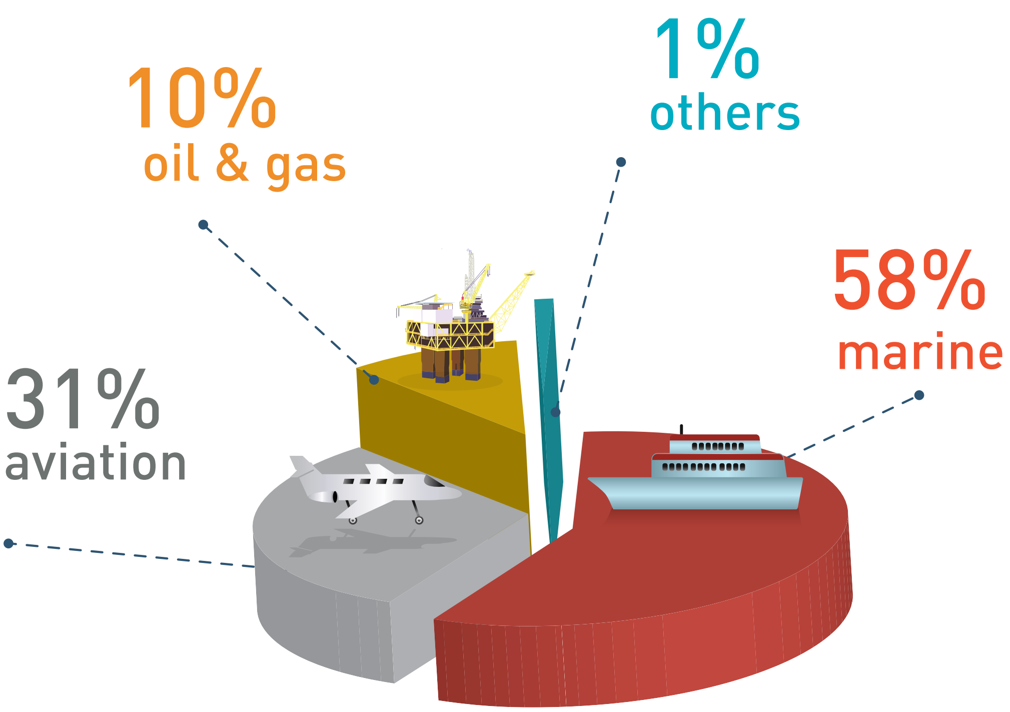
PATMI

up
29%
y-o-y
to
RM21.16
million

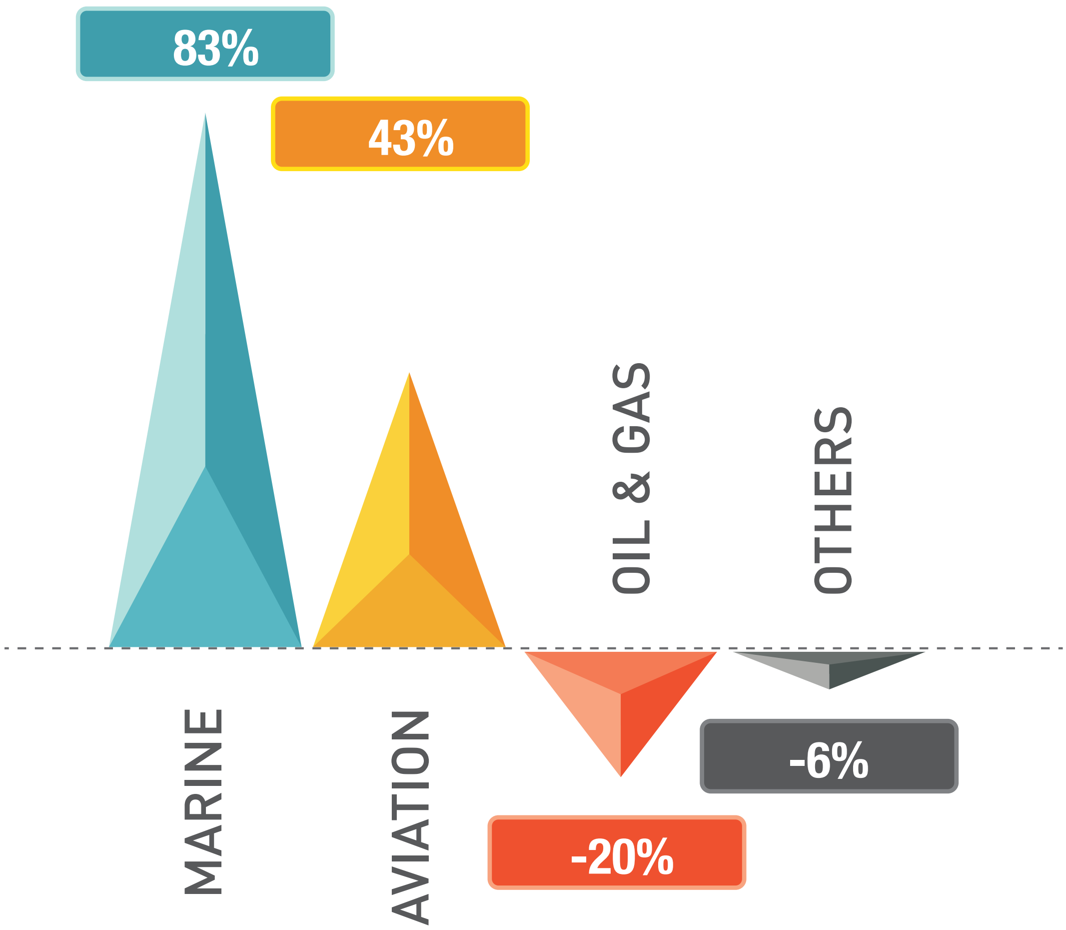
EPS

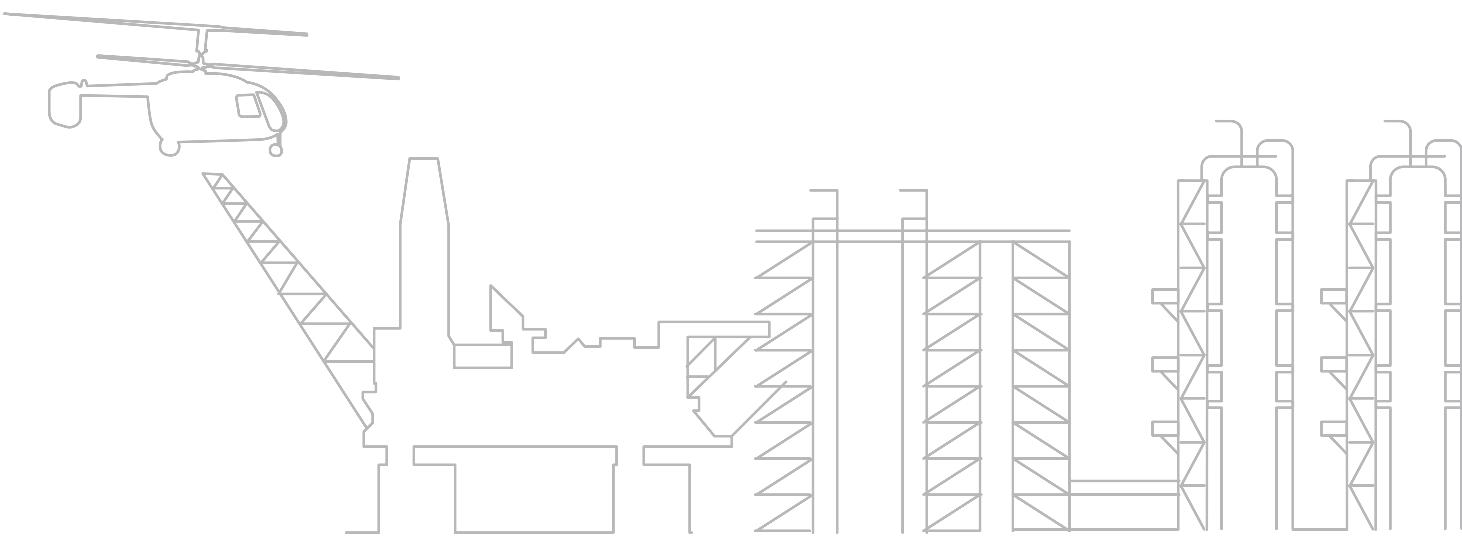
rose
2.61
sen
from 2.28
sen

REVENUE CONTRIBUTION



PATMI CONTRIBUTION





CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of Destini Berhad ("Destini" or "the Company" or "the Group") and its Board of Directors (Board), it brings me great pleasure in my inaugural year as Chairman to present our Annual Report for the financial year ended 31 December 2015 (FY2015).

During the financial year under review, we have gone through a very challenging economic climate globally, with moderate growth in the emerging markets while the advanced economies picked up modestly.

The global markets also faced a sharp decline in commodity prices and saw volatility in the foreign exchange markets. Brent oil price was seen at its lowest at US$36.11 during the year. The 36% decline since January 2015 moved oil majors to tighten their belts and cut their development expenditure. In turn, this resulted to a reduction in demand of services for oil and gas well drilling.

Coinciding with the decline of oil prices which led to the readjustment of many economies and coupled with the expectation of a US interest rate hike, the Malaysian Ringgit was not spared and was seen at its weakest at RM4.45 against the greenback during the year.
Such an environment has rendered a moderate growth forecast for developing nations, due to subdued prospects. However, Malaysia is expected to ride through the volatility and achieve a growth rate in Gross Domestic Product (GDP) of between 4% and 4.5% in 2016.

With such an environment many companies, including Destini, have taken on several cost cutting measures and have remain prudent in its business objectives. We anticipate all our previous and future ventures continue to become lucrative.

Against a volatile backdrop, the Group recorded a commendable financial performance for FY2015. Destini saw its profit after tax and minority interests (PATMI) rose 29% to RM21.16 million as compared to RM16.34 million the previous financial year. The increase in income was on the back of a 61% increase in revenue of RM270.05 million in FY2015.

The increase in income was realised through an increase in income contribution from the Group's marine manufacturing business and a rise in demand for maintenance, repair and overhaul (MRO) services within the aviation industry.

Having a diversified interest in aviation, marine, automotive as well as oil and gas, moving forward, Destini is planning to increase its scope of services within these industries to further enhance its capabilities and grow its bottomline and shareholders value.

The Group is expecting its commercial aviation capabilities to further ride on its 50:50 partnership with an UK-based company Avia Technique Limited which is an airline component MRO company that is certified by The European Aviation Safety Agency. Destini is also planning to expand its commercial aviation scope of services to Technical Handling and Hangar-based MRO for civil airlines with local routes.

With the acquisition of Destini Shipbuilding & Engineering Sdn Bhd last year, the Group's new shipbuilding arm, Destini plans to expedite its shipyard's capabilities and utilities to be able to take on fabrication and ship repair activities for bigger vessels in the near-term.

Being in businesses that moves along with new technology and economic changes, Destini's research and development team is constantly testing the Group's boundaries to fully capitalise on becoming an integrated engineering solutions provider.

To conclude, Destini's Board and Management team would like to express our sincere appreciation to our shareholders, stakeholders, customers, employees and various regulatory bodies and Government entities for their continued confidence and support.

It gives me great pleasure to welcome Aroma Teraju Sdn Bhd, a unit of The Ministry of Finance Inc on board as a substantial shareholder. In September last year the nations investment arm acquired 200 million Destini shares, or a 24.75% stake, making it the Group's second largest shareholder.

We would also like to welcome Dato Sri Dr Mohmad Isa Hussain who joined the board in December 2015 as a non-independent and non-executive director.

Despite the challenging environment ahead, we will continue to become a leading integrated engineering solutions provider and deliver results to sustain long-term growth as we remain committed to enhancing shareholders value.

Tan Sri Dato' Sri Rodzali bin Daud
Independent Non-Executive Chairman

GROUP MANAGING DIRECTOR'S REVIEW

DEAR VALUED STAKEHOLDERS,

The year 2015 has been a challenging year domestically and internationally. Slower growth momentum for emerging market economies and the uncertainty in monetary policy changes in the advanced economies reflected a significant depreciation in currencies, especially the Malaysian ringgit.

As mentioned by the Chairman, the decline in commodity prices took a toll on the local currency as Malaysia, a commodity exporting country, saw a fall in commodity earnings. This resulted to a fluctuation in the value of the ringgit that is far significant than its peers.

With such volatile commodity and currency movements, it resulted to a change in many economies, including Malaysia that had to go through a budget revision. It is fortunate that the government has kept to its budget allocation of RM17.30 billion for the Ministry of Defence for 2016 as this may drive opportunities for Destini.

The Group has implemented several strategic plans to sustain the current subdued economic backdrop.

First off, as part of its strategic plans, the Group has diversified its services within its core expertise, which is MRO. From providing MRO services for safety and survival related equipment for the defence aviation industry, Destini has ventured into commercial aviation MRO.

The Group has also expanded its marine scope of services from manufacturing lifeboats to manufacturing para-military boats. These diversification strategies were made able through several corporate exercises done during the year.

Destini has also expanded its geographical footprint in the Middle East by setting up partnerships in the region to provide defence aviation MRO services and marine MRO workshops. The Group is also actively participating in the still active oil and gas industry in the United Arab Emirates.

Apart from that, Destini has been continuously building its capabilities through research and development (R&D) by setting up Detrac Sdn Bhd. This allows the Group to enhance its technical expertise and knowledge via continuous investment in staff training.

With this strategic plans identified and in place, the Group believes that it will be able to sustain near-term economic volatility and will be able to see revenue sustainability in the years to come.

What happened in 2015

En route to Destini's plans to have a wider and more diversified income base, the group has entered into several corporate exercises that saw the emergence of several new subsidiaries under the Group.

In line with expanding Destini's commercial aviation business, the Group established Destini Aviation Sdn Bhd which later then acquired a 80% stake in SafeAir Technical Sdn Bhd. Destini Aviation had also entered into a joint venture agreement with UK-based Avia Technique Limited to establish a joint venture company named Destini Avia Technique Sdn Bhd (DAT) at equal shareholding to carry on civil aircraft component MRO in the country.

In view of expanding its marine capabilities, the Group, through its wholly-owned subsidiary Destini Armada Sdn Bhd, entered into a share sale agreement with Destination Marine Services Sdn Bhd (DMS) to wholly acquire Everyday Success Sdn Bhd. The acquisition of Everyday Success, or now known as Destini Shipbuilding & Engineering Sdn Bhd (DSBE) was completed in November 2015.

DSBE is currently working on a contract from a government agency for the supply, delivery, testing and commissioning of six patrol vessels valued at RM381.30 million over a period of 35 months.

Further strengthening our marine business, the Group acquired the remaining 49% stake in lifeboat manufacturer Vanguard Composite Engineering Pte Ltd for SGD3.50 million (RM10.70 million) to complete its control over the company. Recall that in early 2013, Destini acquired a 51% stake in Vanguard for SGD4 million (RM10 million).

Meanwhile, later on during the year, the Group saw the emergence of a new substantial shareholder. Aroma Teraju Sdn Bhd, a unit of The Ministry of Finance became Destini's second largest shareholder by acquiring 200 million shares or a 24.75% stake in the Group in September 2015.

Financial Performance

Regardless of a subdued environment during the year, Destini managed to record a 61% jump in revenue of RM270.05 million which translated to a PATMI of RM21.16 million, a 29% increase from the previous financial year. The Group saw an increase in earnings per share (EPS) of 2.61 sen for the year under review from the increase in income.

During the financial year under review, Destini's marine business took on as the biggest contributor to the Group by contributing 83% or RM17.50 million in PATMI. This surge in income contribution was recognised from an increase in marine fabrication activity during the year under review.

The Group's second largest PATMI contributor came from its aviation business which saw RM9.19 million raked in from an increase in demand for MRO services. The 43% income contribution to the Group's bottomline was made through existing recurring businesses during the year.

In comparison, the group's aviation business only contributed 43% of the groups RM16.34 million net profit in 2014 while its marine business was in the red.

Coinciding with the slump in oil prices, Destini's oil and gas division saw a net loss of RM4.24 million in 2015 as compared to a net profit of RM9.10 million the previous year when it contributed 55% of the Group's income.

Prospects

Moving on further into 2016, as pointed out by the Chairman, Destini's main activities during the year will hinge widely on its aviation and marine businesses. These two divisions are expected to further contribute positively to the Group's bottomline.

As it is, Destini is sitting on an orderbook of RM670 million from its three main business sectors as at March 2016. The Group's orderbook which can last for at least another three years is mainly from its aviation MRO activities for the Royal Military Air Force and the patrol vessel fabrication job from a government agency.

For the Group's aviation business, Destini is expecting to have DAT running in full swing this year. The group is hoping to ride on Avia Technique's European Aviation Safety Agency certification to capitalise on its civil aircraft component MRO services for commercial airlines in the country.

With an operation base in Kuala Lumpur International Airport, SafeAir on the other hand is in the midst of expanding its scope of services in Technical Handling and Hangar-based MRO for commercial airlines that land in local airports.

As of now, SafeAir provides its services in five local airports for several regional airlines. The Group plans to expand SafeAir's operations in more airports in the country and to service a wider range of airline companies in the South East Asian region with both narrow and widebody aircrafts.

Destini expects to see an increase in contribution from its commercial aviation business from 2016 onwards. Meanwhile, the Group expects to see contributions from its defence aviation venture in the Middle East from 2017 onwards.

In marine, Destini plans to cultivate a wider scope of service to enhance its marine capabilities. In doing so, the Group will invest in new facilities and utilities on DSBE's 6-acre shipyard in Klang so that it is equipped to service and fabricate bigger and more complex vessels to move up the value chain. Marine manufacturing is expected to continue its significant contribution to the Group in the near-term.

Meanwhile, with fallen oil prices dampening the oil and gas industry, the Group plans to expand its oil and gas outfit Destini Oil Services Sdn Bhd's (formerly known as Samudra Oil Services Sdn Bhd) scope of services into platform decommissioning and well intervention. These new scope of services which is expected to still be in demand is a strategic move to buoy the Group against the current dampened industry environment.

In line with our strategic plans, Destini has taken prudent measures to minimise operational costs. The Group has also minimised its dependence on the local oil and gas market and expanded its geographical footprint by venturing into the Middle East region, a nation that has not seen a slowdown in their drilling campaigns.

Appreciation

I would like to take on this opportunity to express my appreciation to my fellow Board members and each member under the Destini flagship for their diligent effort and perseverance in steering the Group into an integrated engineering solutions provider in various fields and localities.

We also take gratitude on the support of the Malaysian Government and its various agencies and regulatory bodies as well as our business partners and customers that have been involved in the Group's growth.

With a moderate outlook across all the industries Destini has businesses in, we remain prudent in our decision making and cost management. We must also take on tactical measures to improve efficiency and productivity to ensure execution and delivery of our products and projects are higher than expectations.

Dato' Rozabil @ Rozamujib bin Abdul Rahman
Group Managing Director


P&H

STATEMENT OF CORPORATE SUSTAINABILITY

Destini is fully committed to ensuring the interests of its employees, shareholders and stakeholders through practical practices of Corporate Sustainability ("CS"). This means managing our business responsibly to ensure long-term success for the Company. We understand how our social and ethical conduct could have an impact on our image, pride and reputation. We therefore take CS very seriously and will not neglect the aspects of CS which are pertinent to the business operations of the Destini Group of Companies ("the Group").

Our CS efforts are mainly channelled through Yayasan Destini, which was set up in December 2013. The objectives for which the Yayasan Destini is established are:

a) Charity-Welfare Programmes
To fund and promote charitable events and causes that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.

b) Religious Support
To provide support for New Muslims (converts) and their families by giving guidance on Islam through awareness programmes, structured classes and one off seminars.

c) Environmental Activities
To educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

At the same time, mindful of the need to be a corporately responsible organisation, Destini undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates.

Within this context, we have defined our commitment to CS as follows:

For the Community

At Destini, we believe that there is a need for continuous corporate community involvement activities because they play an important role in terms of gaining our customers' confidence and respect, apart from infusing good values within our workforce. Our Program Didik Cemerlang was launched in May 2014 by the then Chief of Air Force General Tan Sri Dato' Sri Rodzali Daud. Under this programme, Yayasan Destini provided free tuition classes for Form Five students. The pilot project kicked off with 56 Form Five students who are children of the Royal Military Air Force (RMAF) personnel based in Subang RMAF Base. We have since then extended the project to Royal Military Air Force (RMAF) base in Kuantan in 2015 for Form Five and Form Four students.

For the Workplace

To ensure that the Group sustains its stand as an employer of choice, we will continue to send our employees to various training and development programmes, seminars and workshops to enhance their professional development and skills in their respective areas of interest. Apart from that, we believe in our commitment to continuously boost good ethical behaviour within the Group, with utmost concern for employees' healthcare, security and safety. Employees are constantly encouraged to be good corporate citizens and to work together as a team in a productive and healthy environment. Our employees also abide by a code of conduct that stresses on the values and ethics that we strongly believe in. In addition, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army is not neglected. It is a commitment by Destini as a practise of good CS to provide employment to ex-servicemen, ever since we initiated our business operations. We acknowledge that the ex-servicemen could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. We are proud to remain one of the very few Groups in the country that comprehensively looks into the welfare of these ex-servicemen after their retirement age. At present, majority of our employees are ex-servicemen.

For the Marketplace

We recognise the need to keep our shareholders and stakeholders abreast of the Group's performance and deliverables. To enable them to have a better understanding and assessment of the Group's direction and business activities, we have revamped our new corporate website with an interactive Investor Relations (IR) section. The IR section provides immediate information on the Group's activities, financials and operations and acts as a communication point for both our local and international contacts.

For the Environment

In doing our bit for the environment, we make every effort to optimise the option of recycling and the reduction of energy used in our operations. To reduce paper usage, our employees are urged to adopt a paperless system whenever possible. We make every effort to instill a sense of personal responsibility in our employees and encourage them to play their role in protecting the environment in order to ensure that it becomes an act of good practice within the workplace.

As our ultimate goal, we will do our utmost in ensuring that our CS practises meet with the interests of our customers, suppliers, shareholders, financiers, bankers, business associates, the Government, and the public at large.

STATEMENT OF CORPORATE GOVERNANCE

The Board acknowledges that the practice of good corporate governance is an essential part in the Group's continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximise shareholders' value. 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 MCCG to the best interest of the shareholders of the Company.

Set out below is a statement which outlines the application of the various principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2015 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

BOARD OF DIRECTORS

Board Balance

Our Board consists of seven (7) members, which comprises of an Independent & Non-Executive Chairman, a Group Managing Director, one (1) Executive Director, one (1) Non-Independent & Non-Executive Director and three (3) Independent & Non-Executive Directors. The profiles of these Board members are laid out in pages 10 to 13 of this Annual Report.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board did not appoint a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the Group. The Group basically evaluate the suitability of candidates as new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors of the Company in the future. Currently, our Board comprise of one (1) female director.

Board Responsibilities

The Board assumes responsibility for effective stewardship and control of the Group and its members have established terms of reference to assist them in the discharge of their responsibilities.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware of and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration for significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in and recognises that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks view of the long term viability of the Group.

The principal roles and responsibility assumed by the Board are as follows:

- **Review and adopt strategic plan of the Group**

  The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which to supports the Group's business plan and budget plan.

- **Implementation of internal compliance controls and justify measure to address principle risks.**

  The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

  The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- **To formulate and have in place an appropriate succession plan**

  The Board is responsibility to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**

  The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Company has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities. The Chairman is primarily responsible in leading and guiding the Board, and also serves as the communication point between the Board and the Group Managing Director is responsible in overseeing the day-to-day operations of the Group and implementing the policies and strategies adopted by the Board. The Group Managing Director's knowledge of the Group's affairs contributes significantly towards the accomplishment of the Group's goals and objectives. He also contributes to the formulation of policy and decision-making through his own knowledge and experience of other businesses and sectors.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process.

The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination and Remuneration Committee and Option Committee. All the Board Committees have their own terms of reference and have the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board will periodically review the Board Charter and make any changes whenever necessary. A copy of the Board Charter is available at the Company's website at www.destinigroup.com.

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.destinigroup.com.

Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business, which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under "Statement of Corporate Sustainability" of this Annual Report.

Whistle-blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The details of the Whistle-blowing Policy are available for reference at the Company's website at www.destinigroup.com.

Board Meetings

The Board held four (4) meetings during the financial year ended 31 December 2015. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Tan Sri Dato' Sri Rodzali bin Daud *	3/3
Dato' Rozabil @ Rozamujib bin Abdul Rahman	4/4
Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	3/4
Abdul Rahman bin Mohamed Rejab	4/4
Dato' Che Sulaiman bin Shapie	4/4
Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	2/4
Azhar bin Azizan @ Harun #	1/1
Dato' Abdul Aziz bin Sheikh Fadzir #	1/1
Dato' Sri Dr Mohmad Isa bin Hussain @	Not Applicable

Notes :

* Appointed on 15 May 2015
# Resigned on 15 May 2015
@ Appointed on 1 December 2015

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements).

Supply of Information

Prior to the Board meetings, the Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board at least seven (7) days before the date of the meeting. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings.

The Board has unrestricted access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings. The Board also has access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated. The Directors may consult the Chairman or other Board members prior to seeking any independent professional advice.

Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Directors' Training

All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. The Directors are encouraged to evaluate their own training needs on a continuous process and determined the relevant programmes/seminar/conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

Details of seminars / conferences / training programmes attended by the Board members during the financial year are as listed on page 30.

Name of Director	Seminars/Conferences/Training Attended
Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	11th Asia Pacific Management Accounting Conference 2015, Bali, Indonesia
	Nominating Committee Programme 2: Effective Board Evaluations, Bursa Malaysia
	Professorial Lecture Oleh YBhg. Prof. Dr. Rozainun Hj Abd. Aziz, Dk500, UiTM Kampus Puncak Alam
	Teambuilding 2015 Fakulti Perakaunan, Suria Hot Spring, Bentong, Pahang
	CIMA Case Study Exams, CIMA Training Room, KPMG Tower, Bandar Utama
	Chancellor Public Lecture By Tun Mahathir Mohamed CIMA Train The Training Workshop, CIMA Training Room, Bandar Utama
	First ICAEW Regional Academic Conference And Tutor Workshop, Kuala Lumpur
Dato' Sri Mohmad Isa bin Hussain	Euromoney - Project Finance - Insfrastructure Project Finance, Hong Kong
	Majlis Konsultansi Bajet 2016 (Seminar), Putrajaya
	Stress and Time Management for Sector (i) (Training), Putrajaya

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to overseas travelling and their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company. In addition, during the financial year under review, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

NOMINATION AND REMUNERATION COMMITTEE

As recommended by MCCG, the Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Non-Executive Directors.

The present members of the NRC are:

Chairman	Tan Sri Dato' Sri Rodzali bin Daud
Members	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid Dato' Che Sulaiman bin Shapie

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

Terms of Reference

1. Composition

- The Board of Directors shall elect NRC's member from amongst themselves (pursuant to a resolution of the Board of Directors) comprising of not less than three (3) members where the majority of them shall be composed of Independent Non-Executive members of the Board.

- The members of the NRC shall elect a Chairman from amongst themselves.

- All members of the NRC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the NRC cease to be a Director of the Company, his membership in the NRC would cease forthwith.

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

2. **Duties and Responsibilities**

   The duties and responsibilities of the NRC include:

- To review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

- To evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;

- To give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;

- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when the need arises;

- To set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of the Group Managing Director and Executive Director;

- To represent the public interest and avoid any inappropriate use of public fund when considering severance payments for senior staff; and

- To carry out such other functions as may be agreed to by the NRC and the Board of Directors.

3. **Meeting and Minutes**

- The NRC shall meet as and when required, the quorum for each meeting shall be two (2) members.

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

- The Secretary to the NRC shall be the Company Secretary or in his/her absence, a representative from the Company's Secretarial Department.

Summary of Activities of the Nomination and Remuneration Committee

The activities undertaken by the NRC during the financial year ended 31 December 2015 included the following:

1. Reviewed the qualification of Director to be appointed and made recommendation to the Board for appointment of Director;

2. Reviewed and recommended remuneration package for the Directors;

3. Reviewed the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group; and

4. Reviewed and recommended to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Article of Association.

Appointments to the Board

A formal procedure is in place for appointments to the Board. The NRC is empowered with the responsibility of identifying and recommending candidates to the Board. However, the ultimate responsibility to approve the appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC.

In general, the process for the appointment of Director to the Board is as follows:

1. The NRC reviews the Board's composition through Board assessment/ evaluation;

2. The NRC determines skills matrix;

3. The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;

4. The NRC recommends to the Board for appointment; and

5. The Board approves the appointment of the candidates.

Appointments to the Board

A formal procedure is in place for appointments to the Board. The NRC is empowered with the responsibility of identifying and recommending candidates to the Board. However, the ultimate responsibility to approve the appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC.

In general, the process for the appointment of Director to the Board is as follows:

1. The NRC reviews the Board's composition through Board assessment/ evaluation;

2. The NRC determines skills matrix;

3. The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;

4. The NRC recommends to the Board for appointment; and

5. The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

1. The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;

2. The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and

3. The extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

The NRC would conduct an assessment on the performance of the Board, as a whole, based on a self-assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the NRC on the re-election and re-appointment of Directors at the Company's forthcoming annual general meeting. The NRC is satisfied with the current size of the Board, and with the mix of qualifications, skills and experience among the Board members. Among other evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors are subject to re-election by rotation at least once every three (3) years at each Annual General Meeting and retiring Directors can offer themselves for re-election. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Reinforce Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. Majority of the Non-Executive Directors are Independent Directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken.

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

As recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the letter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

DIRECTORS' REMUNERATION

The NRC is responsible for reviewing the performance of the Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by the shareholders at the Annual General Meeting based on recommendations of the Board.

The aggregate remuneration paid or payable to all Directors of the Company is further categorised into the following components:

	FEES (RM)	SALARIES AND * OTHER EMOLUMENTS (RM)	TOTAL (RM)
Executive Directors	-	930,000	930,000
Non-Executive Directors	-	79,500	79,500
Total	-	1,009,500	1,009,500

* Other emoluments include the meeting allowance for the Directors' attendance in Board and Audit Committee meetings.

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

REMUNERATION BAND	NUMBER OF DIRECTORS	
	EXECUTIVE	NON¬-EXECUTIVE
RM50,000 and below	-	6
RM250,001 – RM300,000	1	-
RM300,001 – RM350,000	1	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfy the accountability and transparency aspects of MCCG.

OPTION COMMITTEE

The Option Committee was established on 27 February 2014 comprising the following members:

Chairman	Dato' Rozabil @ Rozamujib bin Abdul Rahman
Members	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid
	Dato' Che Sulaiman bin Shapie

The functions of the Option Committee is to administer the implementation of the Employee Share Option Scheme ("ESOS") in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon it by the Board.

The ESOS approved by the shareholders of the Company at the Company's Extraordinary General Meeting held on 10 February 2014, is the only share scheme in existence during the financial year.

As at 31 December 2015, a total of 32,292,100 options had been offered and granted to the eligible employees (including 12,995,306 options granted to the Directors) of the Company at an exercise price of RM0.53 as follows:

CATEGORY OF EMPLOYEES	NO. OF ESOS OPTIONS GRANTED AS AT 31.12.2015	NO. OF ESOS OPTIONS VESTED	NO. OF ESOS OPTIONS EXERCISED	NO. OF ESOS OPTIONS LAPSED	NO. OF ESOS OPTIONS OUTSTANDING
Directors	12,995,306		1,000,000		11,995,306
Senior Management	2,379,536		2,379,536		-
Other Employees	14,917,258		12,111,664		2,805,594
Total	**30,292,100**		**15,491,200**		**14,899,900**

The options offered to and exercised by the Non-Executive Directors of the Company pursuant to ESOS as well as their outstanding options in respect of the financial year ended 31 December 2015 are as follows:

ESOS Options over Ordinary Shares of RM0.10 each

Name of Director	Balance as at 01.01.2015	Number of ESOS Options Granted	No. of ESOS options exercised	Balance as at 31.12.2015
Azhar Bin Azizan @ Harun *	-	1,800,000	-	1,800,000
Dato' Abdul Aziz Bin Haji Sheikh Fadzir *	-	1,800,000	-	1,800,000
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	-	1,800,000	-	1,800,000
Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman	-	810,000	-	810,000
Dato' Che Sulaiman Bin Shapie	-	810,000	-	810,000

* Resigned on 15 May 2015

The aggregate maximum allocation of the ESOS options applicable to the Directors and senior management is 55% and the actual granted to the Directors and senior management since the commencement of the ESOS is 51%.

The Audit Committee had verified and was satisfied that the allocation of ESOS options to the eligible Directors and employees of the Group during the financial year ended 31 December 2015, was in accordance with the criteria of allocation of share options set out in the By-Laws.

COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

Corporate disclosure policies and procedures

The Group values dialogue and recognises the need to communicate with its investors, thus encouraging constructive two-way communication. The Group uses several channels to appropriately inform its investors of major developments and of the operations of the Company through disclosures and announcements made to Bursa Securities, press releases, annual reports and the Board also has the option to arrange meetings with analysts or investors, if necessary.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the Listing Requirements of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions. The Company strive to provide a high level of transparency reporting in order to provide value for users.

Beside the above, the Company's Annual Report, circulars and financial results are dispatched on an annual basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.destinigroup.com incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to info@destinigroup.com.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

During general meetings, the Chairman or the Group Managing Director of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Annual General Meeting ("AGM")

The notice of the AGM and the annual report are sent to investors at least twenty one (21) days before the date of the meeting. The AGM is the principal form of dialogue with the shareholders. The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

Each item of special business included in the notice of meeting is accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

On poll voting, the Board is of the opinion that with the current level of shareholders' attendance at the general meetings, voting by way of a show of hands continues to be efficient. During the general meetings, the Chairman of the meeting will remind all members present about their right to demand for a poll in accordance with the provisions of the Articles of Association of the Company in the voting on any resolutions. Currently, all resolutions put forth for the shareholders' approval are carried out by a show of hands, unless a poll is demanded or specifically required.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's operations and prospects, in presenting the annual financial statements and quarterly announcement to shareholders. The Board is assisted by the Audit Committee to ensure accuracy and adequacy of all annual and quarterly financial reports, audited and unaudited for disclosure.

Risk Management and Internal Control

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of internal auditors adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's risk management and internal control is further elaborated in page 40 to 42 on the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit

The internal auditors monitor and report on the system of internal control. They work on a plan agreed with the Audit Committee and support the Audit Committee in discharging its duties and responsibilities, giving assurance that adequate, efficient and effective internal control systems are in place.

Relationship with External Auditors

The Company has established a transparent arrangement with the external auditors to meet their professional requirements. From time to time, the external auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the management at least twice a year on any matters relating to the Group and its audit activities.

In assessing the independence of external auditors, the Audit Committee reviewed and considered a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of their audit engagement with the Company in accordance with the independence criteria of International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants.

Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board. The external auditors are being invited to attend the AGM of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

The Audit Committee is satisfied with the competence and independence of the external auditors for the financial year under review.

Statement of Directors' Responsibility in Respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2015, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards has been complied with and further confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 1965, the Malaysian Accounting Standards Board (MASB) Standard and the Listing Requirements. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

Compliance Statement

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Corporate Exercise

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

Non-audit Fees

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2015 by the external auditors or a firm or company affiliated to the external auditors were RM105,000.00. The non-audit fees are for the review of Statement on Risk Management and Internal Control and audit working paper.

Share Buy-Back

There were no share buy-back arrangements during the financial year.

Options, Warrants or Convertible Securities

During the financial year, 10,041,400 ordinary shares of RM0.10 each were issued arising from the exercise of 10,041,400 options granted to the eligible Directors and employees pursuant to the Employees' Share Options Scheme.

At the same time, total of 76,333 ordinary shares of RM0.10 each were issued arising from the exercise of 76,333 warrants during the financial year and the balance of unexercised warrants is 241,923,667 (expiry on 2 October 2016).

Saved as disclosed above, there were no other options, warrants or convertible securities exercised during the financial year ended 31 December 2015.

Depository Receipt Programme

The Company does not have any depository receipt programme in place.

Imposition of Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

Variation in Results

There were no significant variances between the results for the financial year and the unaudited results previously announced on 29 February 2016.

Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests.

Contracts Relating to Loans

There was no material contract relating to loans entered into by the Company involving Directors and major shareholders.

Recurrent Related Party Transactions of a Revenue Nature

Save for such disclosure made in note 35 to the audited consolidated financial statements on page 135 of this Annual Report, there were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2015.

AUDIT COMMITTEE REPORT

The Board of Directors of Destini Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2015.

Audit Committee Members and Meeting Attendances

The present members of the Audit Committee comprise the following:

Chairman	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid
Members	Professor Datin Dr Suzana bt Sulaiman @ Mohd. Suleiman
	Dato' Che Sulaiman bin Shapie

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

Name of Directors	No. of meetings attended
Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	5/5
Dato' Che Sulaiman bin Shapie	5/5
Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	3/5

The Audit Committee may invite the Head of Internal Audit, the Accountant and the Company Secretary or any members of the management to attend any of its meetings as it determines. At least twice a year the Audit Committee shall meet with the external auditors without the executive board members present.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2015 included the following:

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed and discussed the external auditor's audit report and management's response thereof;
3. Reviewed the external auditor's scope of work and audit plan for the year;
4. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
5. Reported to the Board on its activities and significant findings and results;
6. Reviewed and considered the nomination of external auditors for recommendation to the Board for re-appointment; and
7. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

AUDIT COMMITTEE

Terms of Reference

1. Composition

a) The Board of Directors shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors) comprising of not less than three (3) members where the majority of them shall be composed of Independent Non-Executive members of the Board;

b) The members of the Audit Committee shall elect a Chairman from among themselves;

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

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

2. Objectives

The primary objectives of the Audit Committee are:

a) To provide assistant to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and practices and financial management and control;

b) To provide greater transparency on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the management; and

c) To maintain open communication through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

3. Duties and Responsibilities

a) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

b) To discuss with the external auditors before the commencement of audit on the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

c) To review the quarterly and annual financial statements before submission to the Board, focusing particularly on:

    i. Any changes in accounting policies and practices;

    ii. Major judgement areas;

    iii. Significant adjustment resulting from the audit;

    iv. The going concern assumptions;

    v. Compliance with accounting standards; and

    vi. Compliance with stock exchange and legal requirements.

d) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

e) To review the internal audit programme, consider the major findings of internal audit investigations and management's response, and ensure co-ordination between the internal and external auditors;

f) To keep under review the effectiveness of internal control systems and in particular review the external auditors' management letter and management's response; and

g) To carry out such other function as may be agreed to by the Audit Committee and the Board of Director.

4. Authority

a) The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee; and

b) The Committee is empowered by the Board to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

5. Meeting and Minutes

a) The Audit Committee shall hold not less than five (5) meetings a year, the quorum for each meeting shall be two (2) members;

b) In addition to the Committee members, the Head of Internal Audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed;

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

d) The Secretary to the Audit Committee shall be the Company Secretary or in his/her absence, a representative from the Company's Secretarial Department.

INTERNAL AUDIT FUNCTION

The Group has established its in house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control and risk management systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations. The scope of internal audit covers the audit of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the internal audit function in respect of the financial year is approximately RM141,421.54.

During the financial year, the following activities were carried out by the internal audit department in discharging its responsibilities :

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;

2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;

3. Followed up with management on the implementation of the agreed audit recommendations; and

4. Present the Internal Audit Plan for the year for review and evaluate by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control during the period under review. The statement is prepared in accordance with the Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has in place a plan to establish and implement a Risk Management Committee (RMC) with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

Under this process, the RMC will assists the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensures that there is adequate risk reporting of core business activities.

Internal Control

The Group's system of internal control includes, among others:

1) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

2) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

3) The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc.

   Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

4) Internal policies and procedures had been established for key business units within the Group.

5) Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

6) Scheduled operational and management meetings

are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

The Board of Directors does not regularly review the internal control system of its associates and joint venture, as the Board of Directors does not have any direct control over their operations. The Group's interests are served through representations on the Boards of the respective associates and joint venture and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision-making on the continuity of the Group's investment based on the performance of the associates and joint venture.

Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience about the areas of weaknesses and the causes of the failure in the system of internal control. The Board has learned and benefited from this experience and is committed in its efforts to reform and reorganised the system of internal control.

The Board has reviewed the in-house internal audit function and is satisfied with the level of independence and the competence of its staff. In order to improve the effectiveness of the internal audit function, the Board has empowered the internal auditors to exercise more influence in determination of their scope of work and the implementation of their audit strategy which includes the following :

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination and Remuneration Committee;

b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;

c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;

d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and

e) Regular visits to reporting units by the management team and, where deem appropriate, the Board.

Board Responsibility

The Board is responsible to maintain a sound system of internal controls and for reviewing its adequacy and integrity. It includes not only financial controls but operational and compliance controls. Due to the limitations inherent in an internal control system, management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives.

Management Responsibility

The management is responsible for implementing the Group's strategies and day-to-day businesses. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Internal Audit Responsibility

The Group Internal Audit Department ("GIAD") function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. GIAD activities are guided by an Internal Audit Charter which is approved by the Audit Committee ("AC"). The Group's internal audit function undertakes regular reviews of the Group's operations and its system of internal control. The audit plan is developed based on the risk profiles of the Group business. Internal audit findings are discussed at management level and actions are agreed in response to the internal audit recommendations. The progress of implementation of the agreed actions is being monitored by GIAD through follow up reviews.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the company. Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal controls together with detailed audit observations, response of management, and comments and recommendations by GIAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by GIAD and monitors that appropriate and prompt remedial actions are taken by the management.

The GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the company's operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes, in line with the conceptual framework and guidance promulgated by the Institute of Internal Auditors ("IIA") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

Conclusion

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

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

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate. Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

DESTINI BERHAD
(Company No.: 633265-K)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

INDEX

"This page is intentionally left blank"

(Incorporated in Malaysia)

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

Principal Activities

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	17,326,169	(4,532,495)
Attributable to:		
- Owners of the Parent	21,165,573	(4,532,495)
- Non-controlling interests	(3,839,404)	-
	17,326,169	(4,532,495)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year the Company increased its issued and paid up ordinary share capital from RM79,942,133 to RM91,667,182 by way of:

(a) issuance of 107,142,857 ordinary shares of RM0.10 each at an issue price of RM0.70 per ordinary share as the balance of the consideration for the acquisition of the entire issued and paid up share capital of Destini Shipbuilding And Engineering Sdn. Bhd. (formerly known as Everyday Success Sdn. Bhd.);
(b) issuance of 10,031,300 ordinary shares of RM0.10 each through the exercise of the share options that was granted under Employees' Share Option Scheme at an issue price of RM0.53 for cash consideration; and
(c) issuance of 76,333 ordinary shares of RM0.10 each through the exercise of the warrants at an issue price of RM0.40 for cash consideration.

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

There was no issuance of debentures during the financial year.

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

Principal Activities

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	17,326,169	(4,532,495)
Attributable to:		
- Owners of the Parent	21,165,573	(4,532,495)
- Non-controlling interests	(3,839,404)	-
	17,326,169	(4,532,495)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year the Company increased its issued and paid up ordinary share capital from RM79,942,133 to RM91,667,182 by way of:

(a) issuance of 107,142,857 ordinary shares of RM0.10 each at an issue price of RM0.70 per ordinary share as the balance of the consideration for the acquisition of the entire issued and paid up share capital of Destini Shipbuilding And Engineering Sdn. Bhd. (formerly known as Everyday Success Sdn. Bhd.);
(b) issuance of 10,031,300 ordinary shares of RM0.10 each through the exercise of the share options that was granted under Employees' Share Option Scheme at an issue price of RM0.53 for cash consideration; and
(c) issuance of 76,333 ordinary shares of RM0.10 each through the exercise of the warrants at an issue price of RM0.40 for cash consideration.

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to Employees' Share Option Scheme ("ESOS").

The Company has established an ESOS of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group, which was approved by shareholders as an Extraordinary General Meeting held on 10 February 2014.

The ESOS became effective for a period of five (5) years from 17 April 2014 to 16 April 2019.

The salient features and terms of the ESOS, details of share options exercised or lapsed during the financial year and outstanding at the end of the financial year are disclosed in Note 22 to the financial statements.

Warrant 2013/2016

During the financial year 2013, the Company issued 242,000,000 free warrants ("warrants") in the Company on the basic of two (2) warrants for every three (3) existing ordinary shares of RM0.10 each held by shareholders of the Company.

Each warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary shares of RM0.10 in the Company at the exercise price of RM0.40 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose. The exercise period of the warrant will expire on 2 October 2016.

During the current financial year, 76,333 warrants were exercised at the exercise price of RM0.40 each. As at the end of the financial year, 241,923,667 warrants remained unexercised.

Directors

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

Dato' Rozabil @ Rozamujib Bin Abdul Rahman	
Tan Sri Dato' Sri Rodzali Bin Daud	(Appointed on 15.5.2015)
Dato' Che Sulaiman Bin Shapie	
Prof. Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman	
Abdul Rahman Bin Mohamed Rejab	
Dato' Megat Fairouz Junaidi Bin Tan Sri Megat Junid	
Dato' Dr Mohmad Isa Bin Hussain	(Appointed on 1.12.2015)
Azhar Bin Azizan @ Harun	(Resigned on 15.5.2015)
Dato' Abdul Aziz Bin Haji Sheikh Fadzir	(Resigned on 15.5.2015)

Directors' Interests

The interests and deemed interests in the shares, warrants and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	<------------No. of ordinary shares of RM 0.10 each------------>			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	401,100	-	-	401,100
Abdul Rahman Bin Mohamed Rejab	500,000	500,000	(967,700)	32,300
Indirect interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman ^	255,907,700	97,000	(15,780,000)	240,224,700

	<---------------------------No. of warrants--------------------------->			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	267,400	-	-	267,400
Indirect interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman *	34,393,712	-	-	34,393,712

^ Deemed interests under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd

* Deemed interests under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd

By virtue of his interests in the shares of the Company, Dato' Rozabil @ Rozamujib Bin Abdul Rahman is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

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

Directors' Benefits

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

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under ESOS.

Other Statutory Information

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

  (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

  (d) In the opinion of the Directors:

  (i) no contingent liability or other has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to the financial statements; and

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

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2016.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN DAUD

SHAH ALAM

DESTINI BERHAD | STATEMENT BY DIRECTORS

(Incorporated in Malaysia) | Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of DESTINI BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 56 to 153 are drawn up in accordance with Malaysia 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 of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 154 have been compiled in accordance with 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, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2016.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN DAUD

SHAH ALAM

DESTINI BERHAD | STATUTORY DECLARATION

(Incorporated in Malaysia) | Pursuant to Section 169(16) of the Companies Act, 1965

I, ISMAIL BIN MUSTAFFA, being the Officer primarily responsible for the financial management of DESTINI BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 153 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at KUALA LUMPUR)
in the Federal Territory on)
11 April 2016.)

ISMAIL BIN MUSTAFFA

Before me,

No. W 521
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINI BERHAD

(Company No: 633265-K)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Destini Berhad, 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, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 154.

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 Malaysia 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 the Directors 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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 of 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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 154 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/16(J)
Chartered Accountant

KUALA LUMPUR

11 April 2016

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	94,916,526	69,088,807	25,133,093	18,615,738
Investment in subsidiaries	5	-	-	103,965,916	98,515,913
Investment in associates	6	-	-	-	1,000,000
Investment in joint venture	7	318,560	-	-	-
Investment in securities	8	2,443,925	5,776,550	2,443,925	5,776,550
Intangible assets	9	196,755,889	111,245,436	-	-
Land use rights	10	1,878,675	1,637,411	-	-
Other investment	11	320,000	280,000	150,000	150,000
		296,633,575	188,028,204	131,692,934	124,058,201
Current Assets					
Inventories	12	13,782,027	15,798,856	-	-
Trade receivables	13	118,679,386	68,404,571	-	-
Other receivables	14	24,852,634	30,709,845	357,565	8,001,310
Amount due from subsidiaries	15	-	-	151,394,246	107,202,217
Amount due from joint venture	16	590,761	-	-	-
Amount due from a Director	17	-	284,682	-	-
Tax recoverable		402,480	1,816,672	133,336	-
Fixed deposits with licensed banks	18	31,815,847	12,525,018	14,006,214	5,087,865
Cash and bank balances	19	12,063,998	26,022,799	527,813	1,355,878
		202,187,133	155,562,443	166,419,174	121,647,270
Total Assets		498,820,708	343,590,647	298,112,108	245,705,471

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Equity					
Share capital	20	91,667,182	79,942,133	91,667,182	79,942,133
Share premium	21	195,716,337	126,612,561	195,716,337	126,612,561
ESOS reserve	21	-	1,489,932	-	1,489,932
Foreign currency translation reserve	21	11,995,985	3,830,469	-	-
Retained profits/ (Accumulated losses)		51,302,166	36,182,393	(2,794,509)	849,932
Equity attributable to owners of the parent		350,681,670	248,057,488	284,589,010	208,894,558
Non-controlling interests		(251,929)	7,488,979	-	-
Total		350,429,741	255,546,467	284,589,010	208,894,558
Non-Current Liabilities					
Finance lease liabilities	23	2,383,120	1,028,162	-	-
Bank borrowings	24	21,438,168	20,586,767	12,278,129	9,465,034
Deferred tax liabilities	25	3,069,999	4,590,348	-	-
		26,891,287	26,205,277	12,278,129	9,465,034
Current Liabilities					
Amount due to contract customers	26	40,521,080	14,056	-	-
Trade payables	27	35,228,272	23,447,936	-	-
Other payables	28	10,505,450	13,013,648	342,303	328,261
Amount due to subsidiaries	15	-	-	-	26,275,791
Finance lease liabilities	23	622,223	220,608	-	-
Bank borrowings	24	21,617,391	17,060,426	902,666	472,635
Tax payable		13,005,264	8,082,229	-	269,192
		121,499,680	61,838,903	1,244,969	27,345,879
Total Liabilities		148,390,967	88,044,180	13,523,098	36,810,913
Total Equity and Liabilities		498,820,708	343,590,647	298,112,108	245,705,471

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	29	270,053,419	167,257,722	9,000,000	5,820,000
Cost of sales		(185,246,873)	(103,343,208)	-	-
Gross profit		84,806,546	63,914,514	9,000,000	5,820,000
Other income		2,161,412	8,355,192	123,327	6,596,353
Administrative expenses		(58,803,532)	(48,360,513)	(13,159,565)	(8,858,583)
Finance costs	30	(2,506,544)	(1,747,737)	(832,121)	(769,504)
Share of results of associates and joint venture		(241,711)	(938,348)	-	-
Profit/(Loss) before tax	31	25,416,171	21,223,108	(4,868,359)	2,788,266
Taxation	32	(8,090,002)	(6,698,861)	335,864	(294,118)
Net profit/(loss) for the financial year		17,326,169	14,524,247	(4,532,495)	2,494,148
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
- Exchange translation differences for foreign operations		8,165,516	1,673,269	-	-
Other comprehensive income for the financial year		8,165,516	1,673,269	-	-
Total comprehensive income/(loss) for the financial year		25,491,685	16,197,516	(4,532,495)	2,494,148

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Net profit/(loss) for the financial year attributable to:					
Owners of the parent		21,165,573	16,344,870	(4,532,495)	2,494,148
Non-controlling interests		(3,839,404)	(1,820,623)	-	-
		17,326,169	14,524,247	(4,532,495)	2,494,148
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		29,331,089	18,018,139	(4,532,495)	2,494,148
Non-controlling interests		(3,839,404)	(1,820,623)	-	-
		25,491,685	16,197,516	(4,532,495)	2,494,148
Earnings per share	33				
Basic earnings per share (sen)		2.61	2.28		
Diluted earnings per share (sen)		2.39	2.27		

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

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable			
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2014	49,339,000	32,606,340	-	2,157,200	19,837,523	103,940,063	6,919,844	110,859,907
Net profit for the financial year	-	-	-	-	16,344,870	16,344,870	(1,820,623)	14,524,247
Exchange translation differences for foreign operations	-	-	-	1,673,269	-	1,673,269	-	1,673,269
Total comprehensive income for the financial year	-	-	-	1,673,269	16,344,870	18,018,139	(1,820,623)	16,197,516
Transactions with owners:								
Issue of ordinary shares:								
-pursuant to business combination	22,857,143	57,142,857	-	-	-	80,000,000	2,389,758	82,389,758
-pursuant to private placement	7,200,000	36,000,000	-	-	-	43,200,000	-	43,200,000
-pursuant to share options exercised	545,990	863,364	(327,594)	-	-	1,081,760	-	1,081,760
Share-based payment transactions	-	-	1,817,526	-	-	1,817,526	-	1,817,526
Total transactions with owners	30,603,133	94,006,221	1,489,932	-	-	126,099,286	2,389,758	128,489,044
At 31 December 2014	79,942,133	126,612,561	1,489,932	3,830,469	36,182,393	248,057,488	7,488,979	255,546,467

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable			
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2015	79,942,133	126,612,561	1,489,932	3,830,469	36,182,393	248,057,488	7,488,979	255,546,467
Net profit for the financial year	-	-	-	-	21,165,573	21,165,573	(3,839,404)	17,326,169
Exchange translation for foreign differences operations	-	-	-	8,165,516	-	8,165,516	-	8,165,516
Total comprehensive income for the financial year	-	-	-	8,165,516	21,165,573	29,331,089	(3,839,404)	25,491,685
Transactions with owners:								
Issue of ordinary shares:								
-pursuant to business combination	10,714,286	64,285,714	-	-	-	75,000,000	-	75,000,000
-pursuant to share options exercised	1,003,130	4,915,337	(601,878)	-	-	5,316,589	-	5,316,589
-pursuant to warrants exercised	7,633	22,900	-	-	-	30,533	-	30,533
Share issuance expenses	-	(120,175)	-	-	-	(120,175)	-	(120,175)
Share-based payment transactions	-	-	(888,054)	-	888,054	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	16,392	16,392
Acquisition of additional interest from non-controlling interests	-	-	-	-	(6,933,854)	(6,933,854)	(3,917,896)	(10,851,750)
Total transactions with owners	11,725,049	69,103,776	(1,489,932)	-	(6,045,800)	73,293,093	(3,901,504)	69,391,589
At 31 December 2015	91,667,182	195,716,337	-	11,995,985	51,302,166	350,681,670	(251,929)	350,429,741

	Attributable to Owners of the Parent				
	Non-Distributable			Distributable	
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Company					
At 1 January 2014	49,339,000	32,606,340	-	(1,644,216)	80,301,124
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	2,494,148	2,494,148
Transaction with owners:					
Issue of ordinary shares:					
-pursuant to business combination	22,857,143	57,142,857	-	-	80,000,000
-pursuant to private placement	7,200,000	36,000,000	-	-	43,200,000
-pursuant to share options exercised	545,990	863,364	(327,594)	-	1,081,760
Share-based payment transactions	-	-	1,817,526	-	1,817,526
Total transactions with owners	30,603,133	94,006,221	1,489,932	-	126,099,286
At 31 December 2014	79,942,133	126,612,561	1,489,932	849,932	208,894,558
At 1 January 2015	79,942,133	126,612,561	1,489,932	849,932	208,894,558
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(4,532,495)	(4,532,495)
Transaction with owners:					
Issue of ordinary shares:					
-pursuant to business combination	10,714,286	64,285,714	-	-	75,000,000
-pursuant to share options exercised	1,003,130	4,915,337	(601,878)	-	5,316,589
-pursuant to warrants exercised	7,633	22,900	-	-	30,533
Share issuance expenses	-	(120,175)	-	-	(120,175)
Share-based payment transactions	-	-	(888,054)	888,054	-
Total transactions with owners	11,725,049	69,103,776	(1,489,932)	888,054	80,226,947
At 31 December 2015	91,667,182	195,716,337	-	(2,794,509)	284,589,010

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	25,416,171	21,223,108	(4,868,359)	2,788,266
Adjustments for:				
Amortisation of intangible assets	551,329	379,344	-	-
Amortisation of land use right	39,448	33,758	-	-
Bad debts written off	17,987	-	-	-
Depreciation of property, plant and equipment	11,339,729	8,618,807	1,072,973	780,956
Equity-settled share-based payment expenses	-	1,817,526	-	1,817,526
Fair value adjustment on investment in securities	3,332,625	(3,309,363)	3,332,625	(3,309,363)
(Gain)/Loss on disposal of property, plant and equipment	(662)	17,901	-	-
Impairment loss on:				
- Trade receivables	-	118,706	-	-
- Other receivables	1,272	-	-	-
Interest expense	2,506,544	1,747,737	832,121	769,504
Interest income	(362,699)	(181,556)	(113,646)	(122,271)
Inventories written down	66,123	-	-	-
Property, plant and equipment written off	126,379	35,542	-	-
Reversal of impairment loss on:				
- Trade receivables	(18,376)	(72,234)	-	-
- Amount due from subsidiaries	-	-	-	(172,355)
Share of results of associates and joint venture	241,711	938,349	-	-
Unrealised gain on foreign exchange	(155,892)	-	-	-
Waiver of amount due to trade payables	-	(437,587)	-	-
Operating profit before working capital changes	43,101,689	30,930,038	255,714	2,552,263

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Changes in working capital:					
Inventories		2,818,897	(5,154,704)	-	-
Receivables		(51,290,739)	(19,096,739)	7,643,745	(4,089,126)
Payables		(10,571,588)	(14,785,288)	14,042	(564,937)
Amount due to contract customers		40,507,024	14,056	-	-
Subsidiaries		-	-	4,532,180	(29,199,827)
Joint venture		(590,761)	-	-	-
Directors		284,682	(1,609,116)	-	-
		(18,842,485)	(40,631,791)	12,189,967	(33,853,890)
Cash generated from/(used in) operations		24,259,204	(9,701,753)	12,445,681	(31,301,627)
Interest received		362,699	181,556	113,646	122,271
Interest paid		(2,506,544)	(1,632,110)	(832,121)	(769,504)
Tax refunded		-	7,646	-	-
Tax paid		(3,320,730)	(4,798,442)	(66,664)	(172,826)
Net cash from/(used in) operating activities		18,794,629	(15,943,103)	11,660,542	(32,121,686)
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(c)	(14,870,180)	(20,796,821)	(3,662,028)	(889,142)
Proceeds from disposal of property, plant and equipment		601,927	479,157	-	-
Investment in associate and joint venture		(560,271)	(255,135)	-	-
Addition to other investments		(40,000)	(160,000)	-	(150,000)
Investment in subsidiaries		-	-	(4,450,003)	(4,800,000)
Net cash outflow arising from acquisition of subsidiaries	5(b)	(243,330)	(2,495,408)	-	-
Acquisition of additional interest from non-controlling interest	5(c)	(10,851,750)	-	-	-
Addition to intangible assets		(268,297)	(515,258)	-	-
Net cash used in investing activities		(26,231,901)	(23,743,465)	(8,112,031)	(5,839,142)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash Flows From Financing Activities				
Drawdown of term loans	15,354,197	12,523,213	-	-
Repayment of term loans	(8,930,963)	(3,494,053)	(685,174)	(370,717)
Repayment of finance lease liabilities	(1,032,872)	(144,828)	-	-
Changes in letter of credit or trust receipts	(6,015,366)	8,503,123	-	-
Private placement	-	43,200,000	-	43,200,000
Proceeds from exercise of employee share options	5,316,589	1,081,760	5,316,589	1,081,760
Proceeds from exercise of warrants	30,533	-	30,533	-
Proceeds from issuance of shares	-	300,000	-	-
Utilisation of share premium for share issuance expenses	(120,175)	-	(120,175)	-
(Increased)/Decreased in deposits pledge to licensed banks	(6,972,611)	(6,434,131)	5,087,865	(5,087,865)
Net cash (used in)/generated from financing activities	(2,370,668)	55,535,084	9,629,638	38,823,178
Net (decrease)/increase in cash and cash equivalents	(9,807,940)	15,848,516	13,178,149	862,350
Effect of exchange rate fluctuations	8,165,516	1,673,269	-	-
Cash and cash equivalents at the beginning of the financial year	29,436,004	11,914,219	1,355,878	493,528
Cash and cash equivalents at the end of the financial year	27,793,580	29,436,004	14,534,027	1,355,878
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	12,063,998	26,022,799	527,813	1,355,878
Fixed deposits with licensed banks	31,815,847	12,525,018	14,006,214	5,087,865
Bank overdrafts	(322,743)	(320,902)	-	-
	43,557,102	38,226,915	14,534,027	6,443,743
Less: Fixed deposits pledged with licensed banks	(15,409,847)	(8,412,322)	-	(5,087,865)
Cash at bank pledged with licensed banks	(353,675)	(378,589)	-	-
	27,793,580	29,436,004	14,534,027	1,355,878

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

1. Corporate Information

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

The registered office and the principal place of business of the Company is located at No 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

2. 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.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

Adoption of above amendments to MFRSs did not have any significant impacts on the financial statements of the Group and of the Company.

2. Basis of Preparation (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to	MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt the above MFRSs when they become effective.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

<u>MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)</u>

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

<u>MFRS 15 Revenue from Contracts with Customers</u>

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Impairment of investments in subsidiaries

The Company reviews its investments in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investments in subsidiaries is disclosed in Note 5.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 13,14,15,16 and 17.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 22.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 25.

Construction Contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the percentage of survey of work performed for each project.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 26.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(b) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	33-50 years
Leasehold properties and land	Over the remaining lease periods
Furniture and fittings	1 - 10 years
Office equipment	5 - 10 years
Machinery and equipment	1 - 10 years
Motor vehicles	5 years
Renovation	5 years
Computers and software	3 - 5 years

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

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

<u>As lessee</u>

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the 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.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. 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.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

<u>As lessee</u>

(i) Finance lease (Cont'd)

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or both.

(ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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 land use rights.

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

(i) Financial assets at fair value through profit or loss (Cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are 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 risk of fair value hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment 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 less impairment loss.

Regular way purchase or sale of financial assets

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

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(h) Financial Liabilities

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

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

The Group and the Company classify their financial liabilities at initial recognition, into the other financial liabilities measured at amortised cost.

The Group's and the Company's financial liabilities comprise trade and other payables, amount due to subsidiaries and loans and borrowings.

Trade and other payables, amount due to subsidiaries are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3. Significant Accounting Policies (Cont'd)

(h) Financial Liabilities (Cont'd)

Derecognition of financial liabilities

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

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Raw materials, spare part and consumable, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material is determined on weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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.

(k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by reference to the percentage of survey of work performed for each project.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, 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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts 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 (group 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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company and investment on associate company, 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity securities carried at cost

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

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

(iv) Share-based payment transaction

Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(q) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return if goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(k) to the financial statements.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

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

(vi) Management fee

Management fee is recognised on accrual basis when services are rendered.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The 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.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax 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.

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

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 years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2015										
At cost										
At 1 January 2015	9,420,482	7,560,472	7,107,986	1,383,854	2,910,787	56,567,460	3,844,343	7,902,389	3,225,495	99,923,268
Additions	2,642,778	2,171,698	79,817	168,817	419,618	6,762,390	3,577,343	5,341,883	416,556	21,580,900
Acquisition through business combination	-	5,700,000	9,000,000	161,933	158,567	448,715	259,498	488,251	59,597	16,276,561
Disposals	-	-	-	(24,438)	(125,203)	(539,003)	(458,454)	-	(476,923)	(1,624,021)
Written off	-	-	-	(1,224)	(9,600)	(57,134)	-	(176,841)	(19,658)	(264,457)
Effects of movement in exchange rates	-	-	353,901	40,000	861	550,311	80,559	10,525	68,310	1,104,467
At 31 December 2015	12,063,260	15,432,170	16,541,704	1,728,942	3,355,030	63,732,739	7,303,289	13,566,207	3,273,377	136,996,718
Accumulated depreciation										
At 1 January 2015	-	313,638	763,230	688,159	1,874,472	19,156,063	2,516,150	3,098,609	2,424,140	30,834,461
Charge for the financial year	-	234,601	165,491	139,902	301,630	7,690,704	907,508	1,658,704	241,189	11,339,729
Acquisition through business combination	-	-	-	100,113	58,147	144,884	203,374	169,557	21,850	697,925
Disposals	-	-	-	-	(24,252)	(301,607)	(220,087)	-	(476,810)	(1,022,756)
Written off	-	-	-	(1,223)	(9,595)	(10,340)	-	(97,264)	(19,655)	(138,077)
Effects of movement in exchange rates	-	-	103,465	17,961	164,021	45,117	21,526	7,112	9,708	368,910
At 31 December 2015	-	548,239	1,032,186	944,912	2,364,423	26,724,821	3,428,471	4,836,718	2,200,422	42,080,192
Carrying amount										
At 31 December 2015	12,063,260	14,883,931	15,509,518	784,030	990,607	37,007,918	3,874,818	8,729,489	1,072,955	94,916,526

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2014										
At cost										
At 1 January 2014	9,420,482	6,960,472	4,018,164	517,686	2,337,287	5,405,727	3,461,415	4,868,244	2,937,683	39,927,160
Additions	-	600,000	915,310	112,476	411,707	17,521,869	109,295	970,928	248,736	20,890,321
Acquisition through business combination	-	-	2,054,720	911,232	243,310	34,478,806	298,311	2,059,127	31,641	40,077,147
Disposals	-	-	-	-	(64,912)	(969,225)	(59,883)	-	-	(1,094,020)
Written off	-	-	-	(158,020)	(55,479)	(9)	-	-	-	(213,508)
Effects of movement in exchange rates	-	-	119,792	480	38,874	130,292	35,205	4,090	7,435	336,168
At 31 December 2014	9,420,482	7,560,472	7,107,986	1,383,854	2,910,787	56,567,460	3,844,343	7,902,389	3,225,495	99,923,268
Accumulated depreciation										
At 1 January 2014	-	119,124	504,778	464,585	1,589,102	3,691,569	1,883,049	1,421,002	2,165,001	11,838,210
Charge for the financial year	-	194,514	180,684	110,865	272,282	6,168,876	489,859	980,446	221,281	8,618,807
Acquisition through business combination	-	-	51,122	244,395	60,089	9,696,951	170,324	694,661	31,641	10,949,183
Disposals	-	-	-	-	(33,451)	(516,113)	(46,952)	-	-	(596,516)
Written off	-	-	-	(132,166)	(45,791)	(9)	-	-	-	(177,966)
Effects of movement in exchange rates	-	-	26,646	480	32,241	114,789	19,870	2,500	6,217	202,743
At 31 December 2014	-	313,638	763,230	688,159	1,874,472	19,156,063	2,516,150	3,098,609	2,424,140	30,834,461
Carrying amount	9,420,482	7,246,834	6,344,756	695,695	1,036,315	37,411,397	1,328,193	4,803,780	801,355	69,088,807

	Freehold land RM	Buildings RM	Leased industrial land RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Total RM
Company								
2015								
At cost								
At 1 January 2015	9,070,482	7,230,472	842,459	75,185	94,580	2,475,154	415,148	20,203,480
Additions	2,642,778	2,171,698	-	19,865	29,018	2,490,521	236,448	7,590,328
At 31 December 2015	11,713,260	9,402,170	842,459	95,050	123,598	4,965,675	651,596	27,793,808
Accumulated depreciation								
At 1 January 2015	-	277,371	42,849	8,591	8,878	927,458	322,595	1,587,742
Charge for the financial year	-	165,838	7,800	7,712	9,776	785,494	96,353	1,072,973
At 31 December 2015	-	443,209	50,649	16,303	18,654	1,712,952	418,948	2,660,715
Carrying amount								
At 31 December 2015	11,713,260	8,958,961	791,810	78,747	104,944	3,252,723	232,648	25,133,093

4. Property, Plant and Equipment (Cont'd)

	Freehold land and buildings RM	Buildings RM	Leased industrial land RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Total RM
Company								
2014								
At cost								
At 1 January 2014	9,070,482	6,630,472	842,459	22,630	23,900	2,361,354	363,041	19,314,338
Additions	-	600,000	-	52,555	70,680	113,800	52,107	889,142
At 31 December 2014	9,070,482	7,230,472	842,459	75,185	94,580	2,475,154	415,148	20,203,480
Accumulated depreciation								
At 1 January 2014	-	96,457	34,339	2,820	1,535	447,144	224,491	806,786
Charge for the financial year	-	180,914	8,510	5,771	7,343	480,314	98,104	780,956
At 31 December 2014	-	277,371	42,849	8,591	8,878	927,458	322,595	1,587,742
Carrying amount								
At 31 December 2014	9,070,482	6,953,101	799,610	66,594	85,702	1,547,696	92,553	18,615,738

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 24 to the financial statements are:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Aggregate costs	21,580,900	20,890,321	7,590,328	889,142
Less: Finance lease financing	(2,782,420)	(93,500)	-	-
Term loans financing	(3,928,300)	-	(3,928,300)	-
Cash outflows	14,870,180	20,796,821	3,662,028	889,142

(b) The remaining lease period of the leasehold properties and industrial land of the Group are 52 (2014: 53) years and 90 (2014: 91) years, which are expired on 2067 and 2105 respectively.

(c) During the financial year, the aggregate costs for the property, plant and equipment of the Group and of the Company acquired under finance lease financing, term loans financing and cash payments are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Aggregate costs	21,580,900	20,890,321	7,590,328	889,142
Less: Finance lease financing	(2,782,420)	(93,500)	-	-
Term loans financing	(3,928,300)	-	(3,928,300)	-
Cash outflows	14,870,180	20,796,821	3,662,028	889,142

As at 31 December 2015, the carrying amounts of leased assets are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Motor vehicles	3,103,615	1,010,402	-	-

4. Property, Plant and Equipment (Cont'd)

(d) The freehold land and buildings of the Group and of the Company were previously presented as one property and not segregated. However, management considers it to be more relevant if freehold land and buildings are presented as separate components. Hence comparative figure of freehold land and buildings has been amended to conform with current year's presentation.

	As previously stated RM	Reclassification RM	As restated RM
Group			
At cost			
Freehold land and buildings	16,980,954	(16,980,954)	-
Freehold land	-	9,420,482	9,420,482
Buildings	-	7,560,472	7,560,472
Accumulated depreciation			
Freehold land and buildings	313,638	(313,638)	-
Buildings	-	313,638	313,638
Company			
At cost			
Freehold land and buildings	16,300,954	(16,300,954)	-
Freehold land	-	9,070,482	9,070,482
Buildings	-	7,230,472	7,230,472
Accumulated depreciation			
Freehold land and buildings	277,371	(277,371)	-
Buildings	-	277,371	277,371

5. Investments in Subsidiaries

	Company 2015 RM	Company 2014 RM
In Malaysia:		
At cost		
Unquoted shares	112,225,005	106,775,002
Less: Accumulated impairment losses	(18,306,295)	(18,306,295)
	93,918,710	88,468,707
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	103,965,916	98,515,913

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2015 %	Effective equity interest 2014 %	Principal activities
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding and distribution and supply of defence and commercial aviation and marine and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation electronics and safety equipment and electro - mechanical related accessories
Destini Fire Safety Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul ground support safety equipment and related accessories

5. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	Effective equity interest 2015 %	2014 %	Principal activities
Destini Engineering Technologies Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and other related services
Destini Info Tech Sdn. Bhd.	Malaysia	100	100	Providing consultancy and solution services and implementing of high technology and surveillance security systems and its related services
Destini Australia Pty. Ltd.*	Australia	100	100	Investment holding and general trading
Destini Aero Teknologi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini HRTC Sdn. Bhd.	Malaysia	100	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Investment holding
Destini Oil Services Sdn. Bhd. (formerly known as Samudra Oil Services Sdn. Bhd.)	Malaysia	100	100	Provision of tubular handling and running services

5. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	Effective equity interest 2015 %	2014 %	Principal activities
Detrac Sdn. Bhd.	Malaysia	70	70	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development
Green Pluslink Sdn. Bhd.	Malaysia	51.9	51.9	Provides extrusion and recycling of waste tires for the production of carbon black, diesel fuel and scrap metal
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	50	Supplying, servicing and upkeeping army vehicles, buses and supplying GPS services
Land Auto Technology Sdn. Bhd.	Malaysia	100	-	Engage in business of fabrication, manufacturing, supplying delivery and maintenance of vehicles
Prinsip Pertiwi Sdn. Bhd.	Malaysia	100	-	Dormant
Destini First Sdn. Bhd. #	Malaysia	100	100	Supplying of defence and aviation equipment and accessories
Destini Aviation Sdn. Bhd. # (formerly known as Satang Aviation Sdn. Bhd.)	Malaysia	100	100	Maintenance, repairs and overhaul of safety and survival equipment

5. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	equity interest 2015 %	2014 %	Principal activities
Held through Destini *Prima Sdn. Bhd.:*				
Satang Environmental Sdn. Bhd.	Malaysia	100	100	Supplying and distribution of environment proficts, providiong training and seminar in respect of Environmental Management System and other related services
Satang-ICS Global Sdn. Bhd.	Malaysia	51	51	Supplying and servicing of pipe cleaning products and equipment
Satang Construction Sdn. Bhd.	Malaysia	99.99	99.99	Construction contracts
DB Precision Sdn. Bhd.	Malaysia	100	100	Supplying calibration and cylinder services
Technofibre International Sdn. Bhd.	Malaysia	100	100	Lifeboat and davit servicing and trading in other marine and oil and gas safety equipment
Held through Destini Armada Sdn. Bhd.:				
Destini Shipbuilding And Engineering Sdn.Bhd. (formerly known as Everyday Success Sdn. Bhd.)	Malaysia	100	-	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Held through Destini Aviation Sdn. Bhd.: (formerly known as Satang Aviation Sdn. Bhd.)				
Safeair Technical Sdn. Bhd.	Malaysia	80	-	Aircraft servicing

5. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	equity interest 2015 %	equity interest 2014 %	Principal activities
Held through Destini Armada Pte. Ltd.:				
Vanguard Composite Engineering Pte. Ltd.*	Singapore	100	51	Importer, exporter and manufacturing of life boats and life saving appliances
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
Held through Vanguard Composite Engineering Pte. Ltd.:				
Vanguard Offshore Pte. Ltd.*	Singapore	100	51	Development and sale of Self-Propelled Hyperbaric Life Boat ("SPHLB") and life saving appliances
Vanguard Nantong FRP Co. Ltd.*	People Republic of China	100	51	Manufacturing of life boats and life saving appliances
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	51	Supplying marine related lifesaving equipment, parts and accessories
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Maintenance, repairs and overhaul services and testing lifeboats and davits
Techno Fibre Middle East Marine Services FZE*	United Arab Emirates	100	100	Repair and maintenance of lifeboats and davits and fire and gas protection system servicing
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Maintenance, repairs and overhaul services and testing lifeboats and davits

** Subsidiaries not audited by UHY*

 # Previously held through Destini Prima Sdn. Bhd.

5. Investments in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014	2015	2014
	%	%	RM	RM	RM	RM
Vanguard Group*	-	49	-	(1,190,931)	-	5,731,719
Detrac Sdn. Bhd.	30	30	(191,518)	194,289	302,771	494,289
Green Pluslink Sdn. Bhd.	48.1	48.1	(1,820,919)	(823,981)	(555,143)	1,265,776
Safeair Technical Sdn. Bhd.	20	-	(13,143)	-	3,248	-
Individually immaterial subsidiaries with non-controlling interests					(2,805)	(2,805)
Total non-controlling interests					(251,929)	7,488,979

* Vanguard Group consists of Vanguard Composite Engineering Pte. Ltd.'s group of companies.

4. Property, Plant and Equipment (Cont'd)

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	Vanguard Group		Detrac Sdn. Bhd.		Green Pluslink Sdn. Bhd.		Safeair Technical Sdn. Bhd.	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM
Summarised statements of financial position								
Non-current assets	-	11,223,772	273,422	270,887	8,758,345	9,124,311	820,630	-
Current assets	-	36,603,935	1,466,755	1,967,279	446,818	3,075,117	2,097,601	-
Non-current liabilities	-	-	(2,275)	-	(92,457)	(3,069,340)	-	-
Current liabilities	-	(35,106,439)	(728,664)	(590,536)	(10,264,764)	(6,496,451)	(2,901,984)	-
Net assets/(liabilities)	-	12,721,268	1,009,238	1,647,630	(1,152,058)	2,633,637	16,247	-
Summarised statements of profit or loss and other comprehensive income								
Revenue	-	22,919,912	453,878	994,000	817,117	402,649	1,048,059	-
Net (loss)/profit for the financial year	-	(2,430,471)	(638,392)	647,630	(3,785,695)	(1,713,058)	(65,714)	-
Other comprehensive income for the year	-	2,779,055	-	-	-	-	-	-
comprehensive (loss)/income for the financial year	-	348,584	(638,392)	647,630	(3,785,695)	(1,713,058)	(65,714)	-
Summarised statements of cash flows								
Net cash from/(used in) operating activities	-	(514,514)	(342,504)	368,648	3,000,851	250,232	853,955	-
Net cash used in investing activities	-	(1,328,077)	(64,960)	(285,267)	(1,154,452)	(3,151,577)	(878,983)	-
Net cash used in financing activities	-	4,491,528	-	1,000,000	(2,844,061)	3,930,557	1,400,000	-
Net increase in cash and cash equivalents	-	2,648,937	(407,464)	1,083,381	(997,662)	1,029,212	1,374,972	-

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries

(i) The Group re-organises its internal group structures:

(a) On 26 January 2015, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. transferred its entire shareholdings in Destini First Sdn. Bhd. to the Company at total cash consideration of RM1.
(b) On 10 June 2015, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. transferred its entire shareholdings in Destini Aviation Sdn. Bhd. to the Company at total cash consideration of RM2.

(ii) On 30 April 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire shareholding in Land Auto Technology Sdn. Bhd. ("LAD") for a cash consideration of RM2. On 26 June 2015, the Company subscribed for an additional 49,998 new ordinary shares of RM1 each in LAD for total cash consideration of RM49,998.

(iii) On 5 May 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire shareholding in Prinsip Pertiwi Sdn. Bhd. for a cash consideration of RM2.

(iv) On 16 June 2015, a wholly-owned subsidiary of the Company, Destini Aviation Sdn. Bhd (formerly known as Satang Aviation Sdn. Bhd.) subscribed for 1,400,000 new ordinary shares of RM1 each, representing the 80% shareholding in Safeair Technical Sdn. Bhd. ("STSB") for total cash consideration of RM1,400,000.

(v) On 23 July 2015, a wholly-owned subsidiary of the Company, Destini Armada Sdn. Bhd. entered into a SSA with a third party to acquire 2 ordinary shares of RM1 each, representing the entire shareholding in Destini Shipbuilding And Engineering Sdn. Bhd. ("DSE") (formerly known as Everyday Success Sdn. Bhd.) for total consideration of RM 75,300,000 by way of cash consideration of RM300,000 and issuance of 107,142,857 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.70 each.

(vi) On 12 December 2015, the Company acquired additional 1,750,000 ordinary shares of RM1 each, representing the 50% shareholding in System Enhancement Resources & Technologies Sdn. Bhd. ("SERT") from a third party for total cash consideration of RM4,400,000. Upon completion of the acquisition, SERT that previously held as associate of the Company, became the wholly-owned subsidiary of the Company.

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

Fair value of consideration transferred

2015	DSE RM	Acquisition of SERT RM	STSB RM	Total RM
Cash consideration	300,000	4,400,000	1,400,000	6,100,000
Equity instruments issued	75,000,000	-	-	75,000,000
Total consideration transferred	75,300,000	4,400,000	1,400,000	81,100,000

Fair value of identifiable assets acquired and liabilities assumed

2015	DSE RM	Acquisition of SERT RM	STSB RM	Total RM
Property, plant and equipment	15,119,689	424,044	34,903	15,578,636
Trade and other receivables	28,952,815	7,332,020	163,056	36,447,891
Fixed deposits with licensed banks	-	834,311	-	834,311
Cash and bank balances	3,019,005	435,921	1,567,433	5,022,359
Trade and other payables	(49,183,113)	(6,207,616)	(1,683,431)	(57,074,160)
Finance lease liabilities	-	(139,237)	-	(139,237)
Tax payable	-	(479,405)	-	(479,405)
Total identifiable net (liabilities)/assets	(2,091,604)	2,200,038	81,961	190,395

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

Net cash outflow arising from acquisition of subsidiaries

	Acquisition of			
	DSE	SERT	STSB	Total
	RM	RM	RM	RM
2015				
Purchase consideration settled in cash	(300,000)	(4,400,000)	(1,400,000)	(6,100,000)
Cash and cash equivalents of subsidiaries acquired	3,019,005	1,270,232	1,567,433	5,856,670
	2,719,005	(3,129,768)	167,433	(243,330)

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	Acquisition of			
	DSE	SERT	STSB	Total
	RM	RM	RM	RM
2015				
Fair value of consideration transferred via:				
- Ordinary shares	75,000,000	-	-	75,000,000
- Cash	300,000	4,400,000	1,400,000	6,100,000
Non-controlling interests, based on their proportionate interest of the recognised amounts of the assets and liabilities of the acquiree	-	-	16,392	16,392
Fair value of identifiable assets acquired and liabilities assumed	2,091,604	(2,200,038)	(81,961)	(190,395)
Goodwill	77,391,604	2,199,962	1,334,431	80,925,997

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiaries have contributed RM1,769,657 and RM78,701,957 to the Group's revenue and loss for the year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss for the financial year from its continuing operations would have been RM9,261,377 and RM80,037,948 respectively.

In previous financial year

(i) On 27 March 2014, the Company entered into a Share Sale Agreement with Kejuruteraan Samudra Timur Berhad for the acquisition of 5,000,000 ordinary shares of RM1 each in Destini Oil Services Sdn. Bhd. ("DOS") (formerly known as Samudra Oil Services Sdn. Bhd.) for total purchase consideration of RM80,000,000 by way of issuance of 228,571,428 new ordinary shares of RM0.10 each in the Company at an issuance price of RM0.35 each.

(ii) On 5 March 2014, the Company entered into a Sale, Purchase and Subscription agreement with Mah Sook Hing ("the Vendor") and Green Pluslink Sdn Bhd ("GPSB") for the acquisition of 2,500,000 shares of RM1 each in GPSB from the Vendor for the total cash consideration of RM1,700,000 and to subscribe for additional 200,000 new ordinary shares of RM1.00 each in GPSB at the subscription price of RM2,400,000 which to be satisfied entirely via cash;

(iii) On 5 August 2014, the Company acquired 1 ordinary share of RM1 each in Detrac Sdn. Bhd. for a total cash consideration of RM1. the Company hold 50% of the total issued and paid up shares of Detrac Sdn. Bhd..

On 4 November 2014, the Company subscribed for additional 699,999 new ordinary shares of RM1 each for a total cash consideration of RM699,999. As a result of the subscription, the total equity held by the Company in Detrac Sdn. Bhd. was 700,000 ordinary shares of RM1 each, representing 70% owned subsidiary of the Company.

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

Fair value of consideration transferred

	Acquisition of		
	DOS	GPSB	Total
	RM	RM	RM
2014			
Cash consideration	-	4,100,000	4,100,000
Equity instruments issued	80,000,000	-	80,000,000
Total consideration transferred	80,000,000	4,100,000	84,100,000

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

Fair value of identifiable assets acquired and liabilities assumed

	Acquisition of DOS RM	Acquisition of GPSB RM	Total RM
2014			
Property, plant and equipment	19,128,280	9,999,686	29,127,966
Inventories	-	1,957,856	1,957,856
Trade and other receivables	11,660,885	59,826	11,720,711
Fixed deposits with licensed banks	315,270	1,000,000	1,315,270
Cash and bank balances	58,489	230,833	289,322
Trade and other payables	(12,954,678)	(2,982,282)	(15,936,960)
Bank borrowings	-	(5,919,225)	(5,919,225)
Tax payable	(2,090,876)	-	(2,090,876)
Deferred tax liabilities	(3,276,258)	-	(3,276,258)
Total identifiable net assets	12,841,112	4,346,694	17,187,806

Net cash outflow arising from acquisition of subsidiaries

	Acquisition of DOS RM	Acquisition of GPSB RM	Total RM
2014			
Purchase consideration settled in cash	-	(4,100,000)	(4,100,000)
Cash and cash equivalents of subsidiaries acquired	373,759	1,230,833	1,604,592
	373,759	(2,869,167)	(2,495,408)

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	Acquisition of DOS RM	GPSB RM	Total RM
2014			
Fair value of consideration transferred via:			
- Ordinary shares	80,000,000	-	80,000,000
- Cash	-	4,100,000	4,100,000
Non-controlling interests, based on their proportionate interest of the recognised amounts of the assets and liabilities of the acquiree	-	2,089,757	2,089,757
Fair value of identifiable assets acquired and liabilities assumed	(12,841,112)	(4,346,694)	(17,187,806)
Goodwill	67,158,888	1,843,063	69,001,951

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiaries have contributed RM48,336,928 and RM8,005,802 to the Group's revenue and profit for the year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year from its continuing operations would have been RM95,742,804 and RM16,772,434 respectively.

(c) Acquisition of non-controlling interests

On 23 September 2015, the Company entered into a Shares Sale Agreement ('SSA') with a third party to acquire 500,000 ordinary shares of SGD1 each, representing the 49% shareholding in Vanguard Composite Engineering Pte. Ltd. ('VCE'), increasing its ownership from 51% to 100%, for total cash consideration of RM10,851,750 (SGD3,500,000). On 21 October 2015, the Company entered into Deed of Novation with the third party to transfer all of its rights, duties and obligations as Purchaser under the SSA to a wholly-owned subsidiary of the Company, Destini Armada Pte. Ltd. Upon completion of the acquisition, VCE became the wholly-owned subsidiary of Destini Armada Pte. Ltd.

5. Investment in Subsidiaries (Cont'd)

(c) Acquisition of non-controlling interests (Cont'd)

The effect of change in the equity interest in VCE that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interests acquired	3,917,896
Consideration paid to non-controlling interests	(10,851,750)
Decrease in parent's equity	(6,933,854)

There was no acquisition in the previous financial year.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

6. Investment in Associates

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
In Malaysia:				
At cost				
Unquoted shares	-	1,000,000	-	1,000,000
Share of post acquisition reserve	-	(1,000,000)	-	-
	-	-	-	1,000,000
Outside Malaysia				
At cost				
Unquoted shares	315,406	255,135	-	-
Share of post acquisition reserve	(315,406)	(255,135)	-	-
	-	-	-	-
	-	-	-	1,000,000

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interests 2015 %	Effective equity interests 2014 %	Principal activities
System Enhancement Resources & Technologies Sdn. Bhd. #	Malaysia	-	50	Supplying, servicing and up keeping army vehicles, buses and supplying GPS devices
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.*	Emirates of Abu Dhabi	49	49	Installation and maintenance of natural gas and oil well equipment and on-shore and off-shore oil and gas field services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	-	Dormant

** Associates not audited by UHY*
 # Became subsidiary during the financial year

During the financial year, a wholly-owned subsidiary of the Company, TF Corp Pte. Ltd. subscribed 49% shareholding in TF Emirates Marine Services L.L.C. ("TFEMS") for total cash consideration of RM144,839.

Summarised financial information of the Group's associates, System Enhancement Resources & Technologies Sdn. Bhd. ("SERT"), Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") and TFEMS, are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associate and not the Group's share of those amounts.

6. Investment in Associates (Cont'd)

	SERT		EKSTB		TFEMS	
	2015	2014	2015	2014	2015	2014
	RM	RM	RM	RM	RM	RM
Summarised statement of financial position						
Non-current assets	-	850,302	-	-	32,526	-
Current assets	-	7,182,688	612,525	498,822	379,105	-
Non-current liabilities	-	(128,875)	-	-	-	-
Current liabilities	-	(6,253,541)	(6,366,306)	(2,483,613)	(455,363)	-
Net assets/(liabilities)	-	1,650,574	(5,753,781)	(1,984,791)	(43,732)	-
Interest in associate	-	50%	49%	49%	49%	-
Group's share of net assets /(liabilities)	-	-	-	-	-	-
Carrying value of the Group's interest in associate	-	-	-	-	-	-
Summarised statement of profit or loss and other comprehensive income						
Revenue	-	5,302,273	-	-	5,068	-
Net loss for the financial financial year	-	(1,973,696)	(3,316,573)	(2,303,678)	(199,319)	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	(1,973,696)	(3,316,573)	(2,303,678)	(199,319)	-

The Group has not recognised losses related to SERT, EKSTB and TFEMS totaling Nil (2014: RM303,634), RM2,819,353 (2014: RM972,548) and RM37,395 (2014: Nil) respectively, since the Group has no obligation in respect of their losses.

7. Investment in Joint Venture

	Group	
	2015	2014
	RM	RM
In Malaysia:		
At Cost		
Unquoted shares	500,000	-
Less: share of post acquisition reserve	(181,440)	-
	318,560	-

Details of the joint venture are as follows:

Name of company	Country of incorporation	Effective equity interests 2015 %	Effective equity interests 2014 %	Principal activities
Destini Avia Technique Sdn. Bhd. ("DATSB")	Malaysia	50	-	Inspection, repair and overhaul services of aircraft components

During the financial year, a wholly-owned subsidiary of the Company, Destini Aviation Sdn. Bhd. (formerly known as Satang Aviation Sdn. Bhd.) entered into a Joint Venture Agreement with a joint venture partner to form a jointly controlled entity, Destini Avia Technique Sdn. Bhd. ("DATSB") at equal basis of equity interest in DATSB held by both parties.

Summarised financial information of the Group's joint venture, DATSB is set out below. The summarised financial information represents the amounts in the MFRS financial statements of joint venture and not the Group's share of those amounts.

	DATSB 2015 RM	DATSB 2014 RM
Summarised statement of financial position		
Non-current assets	758,229	-
Current assets	1,275,836	-
Current liabilities	(1,396,944)	-
Net assets	637,121	-
Interest in joint venture	50%	-
Group's share of net assets	318,560	-
Carrying value of the Group's interest in joint venture	318,560	-
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	-
Net loss for the financial year, representing total comprehensive loss during the financial year	(362,879)	-

8. Investment in Securities

	Group and Company 2015 RM	Group and Company 2014 RM
Financial assets at fair value through profit or loss		
- held for trading		
Quoted securities at fair value,		
- Quoted shares in Malaysia	5,776,550	2,563,702
Fair value adjustments	(3,332,625)	3,212,848
	2,443,925	5,776,550

9. Intangible Assets

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2015					
At cost					
At 1 January 2015	1,617,000	96,918,026	6,746,994	8,085,943	113,367,963
Additions	-	-	-	268,297	268,297
Acquisition through business combination	-	80,925,997	-	-	80,925,997
Effects of movement in exchange rates	-	3,987,863	-	1,261,598	5,249,461
At 31 December 2015	1,617,000	181,831,886	6,746,994	9,615,838	199,811,718
Accumulated amortisation					
At 1 January 2015	-	-	-	2,122,527	2,122,527
Recognised in profit or loss	107,800	-	-	443,529	551,329
Effects of movement in exchange rates	-	-	-	381,973	381,973
At 31 December 2015	107,800	-	-	2,948,029	3,055,829
Carrying amount					
At 31 December 2015	1,509,200	181,831,886	6,746,994	6,667,809	196,755,889

9. Intangible Assets (Cont'd)

	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group					
2014					
At cost					
At 1 January 2014	1,617,000	27,379,482	6,746,994	7,363,982	43,107,458
Additions	-	-	-	515,258	515,258
Acquisition through business combination	-	69,001,951	-	-	69,001,951
Effects of movement in exchange rates	-	536,593	-	206,703	743,296
At 31 December 2014	1,617,000	96,918,026	6,746,994	8,085,943	113,367,963
Accumulated amortisation					
At 1 January 2014	-	-	-	1,699,259	1,699,259
Recognised in profit or loss	-	-	-	379,344	379,344
Effects of movement in exchange rates	-	-	-	43,924	43,924
At 31 December 2014	-	-	-	2,122,527	2,122,527
Carrying amount					
At 31 December 2014	1,617,000	96,918,026	6,746,994	5,963,416	111,245,436

Description of the intangible assets

Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief-From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. It has remaining amortisation period of 14 years (2015: 15 years).

Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary sees a potential for such market and hence has spent two years to develop the new technology. As part of the purchase price allocation exercise on the acquired subsidiary, the Group engaged an independent valuation specialist to value the product technology by using the cash flows projections i.e. multi-period excess earnings method ("MEEM"). It has estimated useful life of 7 years and amortisation begins when the product available for sale.

9. Intangible Assets (Cont'd)

Development costs

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs have an average remaining amortisation period of 5 years.

Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes.

The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Technofibre International Sdn. Bhd.	2,411,262	2,411,262
Techno Fibre (S) Pte. Ltd.	12,420,513	10,741,069
Techno Fibre Middle East Marine Services FZE	16,789,983	14,519,719
Techno Fibre Australia Pty. Ltd.	282,180	244,025
Destini Oil Services Sdn. Bhd.(formerly known as Samudra Oil Services Sdn. Bhd.	67,158,888	67,158,888
Green Pluslink Sdn. Bhd.	1,843,063	1,843,063
Destini Shipbuilding And Engineering Sdn. Bhd. (formerly known as Everyday Success Sdn. Bhd.)	77,391,604	-
System Enhancement Resources & Technologies Sdn. Bhd.	2,199,962	-
Safeair Technical Sdn. Bhd.	1,334,431	-
	181,831,886	96,918,026

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and a five-year business plan;

(ii) Revenue was projected at anticipated annual revenue growth of approximately 6% to 23% per annum;

(iii) Expenses were projected at annual increase of approximately 5% to 10% per annum; and

(iv) A pre-tax discount rate of 7% to 8% was applied in determining the recoverable amount of the respective CGU. The discount rate was estimated based on the weighted average cost of capital of individual CGU.

Impairment testing for cash generating units ("CGU") containing goodwill (Cont'd)

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

10. Land Use Right

	Group	
	2015	**2014**
	RM	**RM**
At cost		
At 1 January	1,792,306	1,723,585
Addition	-	-
Effects of movement in exchange rates	310,113	68,721
At 31 December	2,102,419	1,792,306
Accumulated depreciation		
At 1 January	154,895	114,486
Charge for the financial year	39,448	33,758
Effects of movement in exchange rates	29,401	6,651
At 31 December	223,744	154,895
Carrying amount		
At 31 December	1,878,675	1,637,411

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 43 (2014: 44 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 24.

11. Other Investment

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Golf club membership	320,000	280,000	150,000	150,000

This represents investment stated at cost in a local golf club and resort, which entitles the Group's and the Company's management and staff to utilise the facilities.

12. Inventories

	Group	
	2015	2014
	RM	RM
Spare parts and consumables	3,821,236	3,206,985
Raw material	2,417,947	2,823,339
Work-in-progress	3,960,836	4,147,867
Finished goods	3,582,008	5,620,665
	13,782,027	15,798,856
Recognised in profit or loss:		
Inventories recognised as cost of sales	30,473,790	28,563,971
Inventories written down	66,123	-

13. Trade Receivables

	Group	
	2015	2014
	RM	RM
Trade receivables	120,698,027	70,622,028
Less: Accumulated impairment losses	(2,199,081)	(2,217,457)
	118,498,946	68,404,571

The Group's normal trade credit terms range from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss of trade receivables during the financial year are as follows:

	Group	
	2015	2014
	RM	RM
At 1 January	2,217,457	2,656,021
Impairment loss recognised	-	118,706
Impairment loss reversed	(18,376)	(72,234)
Amount written off	-	(485,036)
At 31 December	2,199,081	2,217,457

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2015	2014
	RM	RM
Neither past due nor impaired	88,174,200	34,905,594
Past due not impaired:		
Less than 30 days	10,368,655	11,193,937
31 to 90 days	11,320,264	2,340,140
91 to 180 days	8,635,827	19,964,900
	118,498,946	68,404,571
Impaired	2,199,081	2,217,457
	120,698,027	70,622,028

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or dispute billings. These receivables are not secured by any collateral or credit enhancements and under legal case.

The Group has not recognised any impairment loss on certain receivables that are past due at the end of financial year, as there has not been any significant change in the credit quality of these debtors and these amounts are still considered receivable.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

14. Other Receivables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other receivables	15,234,955	10,196,162	369,196	4,510,336
Deposits				
- Suppliers (Trade)	3,708,317	5,512,520	-	-
- Others (Non-trade)	2,835,630	11,851,545	229,182	3,709,050
	6,543,947	17,364,065	229,182	3,709,050
Prepayments	4,892,798	4,967,413	59,285	82,022
	26,671,700	32,527,640	657,663	8,301,408
Less: Accumulated impairment losses	(1,819,067)	(1,817,795)	(300,098)	(300,098)
	24,852,633	30,709,845	357,565	8,001,310

14. Other Receivables (Cont'd)

Movements in allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	1,817,795	1,817,795	300,098	300,098
Impairment loss recognised	1,272	-	-	-
At 31 December	1,819,067	1,817,795	300,098	300,098

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

15. Amount Due from/(to) Subsidiaries

	Company	
	2015	2014
	RM	RM
Amount due from subsidiaries	166,865,835	122,673,806
Less: Accumulated impairment losses	(15,471,589)	(15,471,589)
	151,394,246	107,202,217
Amount due to subsidiaries	-	(26,275,791)

Movements in impairment on amount due from subsidiaries during the financial year are as follows:

	Company	
	2015	2014
	RM	RM
At 1 January	15,471,589	15,643,944
Impairment losses reversed	-	(172,355)
At 31 December	15,471,589	15,471,589

These amounts represent unsecured, interest free advances and are repayable on demand.

16. Amount Due from Joint Venture

This amount represents unsecured, interest free advances and is repayable on demand.

17. Amount Due from a Director

This amount represents unsecured, interest free advances and is repayable on demand.

18. Fixed Deposits with Licensed Banks

The fixed deposits of the Group and of the Company at amount of RM15,409,847 (2014: RM8,412,322) and Nil (RM5,087,865) respectively have been pledged to licensed banks subsidiary as disclosed in Note 24.

The interest rates of deposits during the financial year range from 2.30% to 3.60% (2014: 3.05% to 3.35%) per annum and the maturities of deposits are 35 to 365 days (2014: 30 to 365 days) respectively.

19. Cash and Bank Balances

Included in cash and bank balances of the Group is an amount of RM353,675 (2014: RM378,589) has been pledged to licensed banks.

20. Share Capital

	Group and Company Ordinary shares of RM0.10 each		Group and Company Amount	
	2015 Unit	2014 Unit	2015 RM	2014 RM
Authorised:				
At beginning of financial year	1,500,000,000	1,000,000,000	150,000,000	100,000,000
Created during the year	-	500,000,000	-	50,000,000
At end of financial year	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At beginning of financial year	799,421,328	493,390,000	79,942,133	49,339,000
Issuance of shares of RM0.10 each:				
- acquisition of subsidiaries	107,142,857	228,571,428	10,714,286	22,857,143
- private placement	-	72,000,000	-	7,200,000
- Share options	10,031,300	5,459,900	1,003,130	545,990
- Conversion of warrants	76,333	-	7,633	-
At end of financial year	916,671,818	799,421,328	91,667,182	79,942,133

20. Share Capital (Cont'd)

During the financial year the Company increased its issued and paid up ordinary share capital from RM79,942,133 to RM91,667,182 by way of:

(a) issuance of 107,142,857 ordinary shares of RM0.10 each at an issue price of RM0.70 per ordinary share as the balance of the consideration for the acquisition of the entire issued and paid up share capital of Destini Shipbuilding And Engineering Sdn. Bhd. (formerly known as Everyday Success Sdn. Bhd.);
(b) issuance of 10,031,300 ordinary shares of RM0.10 each through the exercise of the share options that was granted under Employees' Share Option Scheme at an issue price of RM0.53 for cash consideration; and
(c) issuance of 76,333 ordinary shares of RM0.10 each through the exercise of the warrants at an issue price of RM0.40 for cash consideration.

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

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

21. Reserves

The nature of reserve of the Group and of the Company is as follows:

(i) Share premium

	Group and Company	
	2015	2014
	RM	RM
At 1 January	126,612,561	32,606,340
Private placement	-	36,000,000
Shares issued for acquisition of subsidiaries	64,285,714	57,142,857
Share options exercised	4,915,337	863,364
Warrant exercised	22,900	-
Share issuance expenses	(120,175)	-
At 31 December	195,716,337	126,612,561

This relates to the premium paid on subscription of share in the Company over and above the par value of the shares.

(ii) Foreign currency translation reserve

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

The nature of reserve of the Group and of the Company is as follows: (Cont'd)

(iii) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Employee share option is disclosed in Note 22.

22. Employees Share Option Scheme ("ESOS") Reserve

At an extraordinary general meeting held on 10 February 2014, the Company's shareholders approved the establishment of an ESOS for eligible Directors and employees of the Group. The ESOS is administered by a committee ("ESOS Committee").

The ESOS became effective for a period of five (5) years from 17 April 2014 to 16 April 2019.

The salient features of the ESOS scheme are, inter alia, as follows:

(i) Eligible employees include Directors of the Company and confirmed full time employees of the Company and its eligible subsidiaries or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, shall have attained the age of eighteen (18) years old and have served for at least one years of full continuous service in the Group.
(ii) The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the total issued and paid-up ordinary share capital of the Company at the point in time during the tenure of the ESOS.
(iii) The new Company's shares of RM0.10 each ("new Shares") to be allotted and issued upon the exercise of the ESOS option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM0.10 each save and except that the new Shares will not be entitled to any distributions made or paid prior to the date of allotment of the new Shares. The ESOS option shall not carry any right to vote at a general meeting of the Company.
(iv) The Scheme shall be in force for a period of five (5) year commencing from the effective date. The Scheme may be extended by the Board of Director at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years.
(v) The ESOS option is personal to the grantee and is non-assignable and non-transferable.
(vi) The Shares to be issued and allotted to a grantee pursuant to the exercise of an ESOS option under the Scheme will not be subject to any retention period or restriction on transfer except that a Non-Executive Director shall not sell, transfer or assign the Shares obtained through the exercise of the ESOS option within one (1) year from the granted date.

22. Employees Share Option Scheme ("ESOS") Reserve (Cont'd)

The salient features of the ESOS scheme are, inter alia, as follows: (Cont'd)

(vii) An option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date on which the ESOS option is granted and shall in no event be less than the par value of the shares of the Company of RM0.10.
(viii) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the Board of Director.
(ix) The option granted to eligible executives will lapse when they are no longer in employment of the Group.

The grant date of the first offer of ESOS was on 17 April 2014.

Movement in the number of share options and the weighted average exercise prices ("WAEP") are as follows:

Group	Number of share option	Weighted average exercise price RM
At 1 January 2014	-	-
Granted during the financial year	30,292,100	0.53
Exercised during the financial year	(5,459,900)	0.53
At 31 December 2014	24,832,200	0.53
At 1 January 2015	24,832,200	0.53
Exercised during the financial year	(10,031,300)	0.53
Lapsed during the financial year	(14,800,900)	0.53
At 31 December 2015	-	

During the financial year, 10,031,300 shares options were exercised. The weighted average share price at the date of exercise for the year was RM0.53.

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

Weighted average fair value at grant date (RM)	0.06
Weighted average share price at grant date (RM)	0.59
Weighted average volatility (%)	8.38
Expected weighted average option life (years)	1.00
Expected dividends yield (%)	-
Risk-free interest rate (based on Malaysian government bonds) (%)	3.86

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility over the past 10 days, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	2015 RM	2014 RM
At 1 January	12,495,300	-
Granted	-	12,995,300
Exercised	(500,000)	(500,000)
Lapsed	(11,995,300)	-
At 31 December	-	12,495,300

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

23. Finance Lease Liabilities

	Group	
	2015 RM	2014 RM
Minimum finance lease payments:		
Within one year	751,934	279,066
Between one and five years	2,426,852	915,655
More than five years	184,016	250,251
	3,362,802	1,444,972
Less : Future finance charges	(357,459)	(196,202)
Present value of finance lease liabilities	3,005,343	1,248,770
Present value of finance lease liabilities:		
Within one year	622,223	220,608
Between one and five years	2,210,330	787,611
More than five years	172,790	240,551
	3,005,343	1,248,770

23. Finance Lease Liabilities (Cont'd)

	Group	
	2015	2014
	RM	RM
Analysed as:		
Repayable within twelve months	622,223	220,608
Repayable after twelve months	2,383,120	1,028,162
	3,005,343	1,248,770

The finance lease liabilities interests are charged at rates ranging from 2.28% to 5.06% (2014: 2.38% to 8.29%) per annum.

24. Bank Borrowings

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Secured				
Bank overdrafts	322,743	320,902	-	-
Trust receipts	3,271,344	8,503,123	-	-
Term loan I	443,235	740,200	-	-
Term loan II	179,067	236,068	-	-
Term loan III	9,481,646	9,937,669	9,481,646	9,937,669
Term loan IV	2,789,515	5,611,264	-	-
Term loan V	-	1,692,291	-	-
Term loan VI	-	282,049	-	-
Term loan VII	7,656,000	10,323,627	-	-
Term loan VIII	3,699,149	-	3,699,149	-
Term loan IX	2,315,947	-	-	-
Term loan X	2,400,000	-	-	-
Term loan XI	10,496,913	-	-	-
Total bank borrowings	43,055,559	37,647,193	13,180,795	9,937,669

24. Bank Borrowings (Cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Analysed as:				
Repayable within twelve months				
Bank overdrafts	322,743	320,902	-	-
Trust receipts	3,271,344	8,503,123	-	-
Term loan I	253,312	354,187	-	-
Term loan II	9,823	109,482	-	-
Term loan III	509,834	472,635	509,834	472,635
Term loan IV	2,789,515	2,658,130	-	-
Term loan V	-	1,692,291	-	-
Term loan VI	-	282,049	-	-
Term loan VII	7,656,000	2,667,627	-	-
Term loan VIII	392,832	-	392,832	-
Term loan IX	2,315,947	-	-	-
Term loan X	2,400,000	-	-	-
Term loan XI	1,696,041	-	-	-
	21,617,391	17,060,426	902,666	472,635
Repayable after twelve months				
Term loan I	189,923	386,013	-	-
Term loan II	169,244	126,586	-	-
Term loan III	8,971,812	9,465,034	8,971,812	9,465,034
Term loan VI	-	2,953,134	-	-
Term loan VII	-	7,656,000	-	-
Term loan VIII	3,306,317	-	3,306,317	-
Term loan XI	8,800,872	-	-	
	21,438,168	20,586,767	12,278,129	9,465,034
Total	43,055,559	37,647,193	13,180,795	9,937,669

Term loan I
The term loans consist of:

(a) The balances of Business Money Facility loans of S$135,000 (RM397,305) obtained in June 2014 for working capital purposes. The loan bear interest at a floating rate of 2% over prevailing rate per annum, which is the effective interest rate at the end of the reporting period of 10.0%;

(b) The balances of Business Loans of S$170,000 (RM441,031) obtained in April 2014 for working capital purposes. The loan bears interest at a fixed rate of 9.88% per annum, which is the effective interest rate at the end of the reporting period 9.88%;

24. Bank Borrowings (Cont'd)

Term loan I

The term loans consist of:

(c) The balances of Biz Power Term Loan of S$111,000 (RM287,967) obtained in January 2014 for working capital purposes. The loan bear interest rate at a floating rate of 1.38% over prevailing rate per annum, which is the effective rate at the end of the reporting period 7.88%;

(d) The balance of Business Term Loan of S$60,000 (RM155,658) obtained in July 2010 for working capital purposes. The loan bear interest at a floating rate 1.12% over prevailing rate per annum, which is the effective interest rate at the end of the reporting period 13.12%;

(e) The balances of Term Loan Facility of S$80,000 (RM207,544) obtained in August 2012 for working capital purposes. The loan bears interest at a fixed rate of 7.50% per annum, which is the effective interest rate at the end of the reporting period 7.50%; and

(f) The balances of Working Capital Facility of S$100,000 (RM259,430) obtained in December 2012 for working capital purposes. The loan bears interest at a fixed rate of 7.50% per annum, which is the effective interest rate at the end of the reporting period 7.50%.

Term loan II

The term loan of RM300,000, RM200,000 and RM200,000 obtained from a local bank bears interest and is repayable as the following:

(a) Interest at 7.30% per annum repayable by 60 monthly installments of RM5,983 each commencing November 2009;

(b) Interest at 6.30% per annum repayable by 52 monthly installments of RM4,551 each commencing October 2011; and

(c) Interest at 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing September 2014.

The term loan of RM300,000 is jointly and severally guaranteed by certain Directors of the Company.

The term loan of RM200,000 is secured against facility agreement and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd (SJPP). It is also jointly and severally guaranteed by certain Directors of the Company.

Term loan III

The term loan is secured by way of a first legal charged on a freehold land and building of the Company at carrying amount of RM15,857,745. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan IV

The term loan bears interest rate at 0.80% per annum below the effective cost of fund of 63% per annum. The bank borrowings are secured by ways of:

(a) Facility agreement;

(b) A debenture over the subsidiary's fixed and floating assets, both moveable and immovable;

(c) An assignment over lease agreement of the project land and building;

(d) An assignment over Debt Service Reserve Account; and

(e) Joint and several guarantee by all Directors at the Company and third party.

Term loan V and VI

The term loans consist of:

(a) Term loan V: RMB3,000,000 (RM1,692,291) with fixed rate 6.0% for period of 8 months from July 2014 to March 2015.

(b) Term loan VI: RMB500,000 (RM282,049) with fixed rate 6.0% for period of 9 months from Jun 2014 to March 2015.

All the above term loans are secured by the charge over the land use right and leasehold property of the subsidiary in People's Republic of China ("PRC"). These term loans were fully settled during the financial year.

Term loan VII and X

Term loan was denominated in RM, bore interest at 6.10% per annum. It was secured by the followings:

(a) Deed of assignment of contract proceeds;

(b) Debenture incorporating fixed and floating assets; and

(c) Corporate guarantee by the Company.

Term loan VIII

The term loan is secured by way of a first legal charge on a freehold land and building of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

24. Bank Borrowings (Cont'd)

Term loan IX
The term loans consist of:

(a) RMB1,500,000 (RM992,549) with floating rate of 5.0% for period of 12 months from June 2015 to June 2016.

(b) RMB2,000,000 (RM1,323,398) with floating rate of 5.0% for period of 12 months from March 2015 to March 2016.

The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in PRC.

Term loan XI
The term loan amounted to S$ 3,500,000 (RM10,638,259) at floating rate of 2.75% over prevailing rate per annum. The term loan is secured by ways of:

(a) Fixed deposit of S$ 100,000 and interest accrued (RM2,551,660) of a subsidiary.

(b) Corporate guarantee by the Company.

The term loan is repayable by monthly installments of S$62,464 over 5 years

Bank overdraft
Bank overdraft is guaranteed by pledged of fixed deposit receipts in the name of the director and is jointly and severally guaranteed by certain Directors in their personal capacities.

Trust receipts
Invoice financing of S$2,132,051 (RM5,643,752) for working capital purposes and bears interests at prevalent rate per annum and is jointly and severally guaranteed by certain Directors and corporate guarantee by the Company.

Range of interest rates during the financial year is as follows;

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Bank overdrafts	4.8 - 7.88	4.50 - 7.88	-	-
Trust receipts	8.90 - 9.20	8.85 - 9.10	-	-
Term loans	6.50 - 13.20	6.30 - 13.20	7.75	7.60

24. Bank Borrowings (Cont'd)

Maturity of bank borrowing is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Within one year	21,617,391	17,060,426	902,666	472,635
Between one year to two years	3,380,637	7,199,732	902,071	472,084
Between two years to five years	9,516,415	8,548,672	2,959,555	1,651,110
More than five years	8,541,116	4,838,363	8,416,503	7,341,840
	43,055,559	37,647,193	13,180,795	9,937,669

25. Deferred Tax Liabilities

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	4,590,348	1,179,988	-	33,000
Recognised in profit or loss (Note 32)	(1,520,349)	134,102	-	(33,000)
Arising from business combination	-	3,276,258	-	-
At 31 December	3,069,999	4,590,348	-	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax liabilities	5,720,341	4,626,290	-	-
Deferred tax assets	(2,650,342)	(35,942)	-	-
	3,069,999	4,590,348	-	-

25. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

Group	Intangible assets RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities			
At 1 January 2015	1,146,988	3,479,302	4,626,290
Recognised in profit or loss	-	1,094,051	1,094,051
At 31 December 2015	1,146,988	4,573,353	5,720,341
At 1 January 2014	1,146,988	33,000	1,179,988
Arising from business combination	-	3,276,258	3,276,258
Recognised in profit or loss	-	170,044	170,044
At 31 December 2014	1,146,988	3,479,302	4,626,290

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Depreciation in excess of capital allowances RM	Total RM
Deferred Tax Assets				
At 1 January 2015	-	(35,942)	-	(35,942)
Recognised in profit or loss	(36,200)	(2,571,200)	(7,000)	(2,614,400)
At 31 December 2015	(36,200)	(2,607,142)	(7,000)	(2,650,342)
At 1 January 2014	-	-	-	-
Recognised in profit or loss	-	(35,942)	-	(35,942)
At 31 December 2014	-	(35,942)	-	(35,942)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	15,190,500	13,559,100	648,000	449,000
Unabsorbed capital allowances	3,470,200	6,939,000	402,000	109,000
	18,660,700	20,498,100	1,050,000	558,000

25. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

26. Amount Due to Contract Customers

	Group	
	2015	2014
	RM	RM
Contract costs incurred to date	35,543,920	502,525
Attributable profits	17,748,500	212,900
	53,292,420	715,425
Less: Progress billings	(93,813,500)	(729,481)
Amount due to contract customers	(40,521,080)	(14,056)

27. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2014: 30 to 90 days).

28. Other Payables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other payables	6,139,220	6,402,350	184,967	207,322
Accruals	2,974,522	1,353,749	157,336	120,939
Deposits received	1,391,708	5,257,549	-	-
	10,505,450	13,013,648	342,303	328,261

29. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sales of goods	65,812,724	72,944,823	-	-
Rendering of services	102,691,570	94,033,370	-	-
Contract revenue	101,420,000	-	-	-
Training and seminar	129,125	279,529	-	-
Management fee	-	-	9,000,000	5,820,000
	270,053,419	167,257,722	9,000,000	5,820,000

30. Finance Costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
Bank overdrafts	22,438	62,197	-	-
Letter of credit	51,002	59,921	-	-
Trust receipts	242,348	251,170	-	-
Finance lease liabilities	131,454	88,936	-	6
Term loans	1,940,377	1,285,513	832,121	769,498
Others	118,925	-	-	-
	2,506,544	1,747,737	832,121	769,504

31. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived after charging/(crediting):

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Amortisation of:				
- Intangible assets	551,329	379,344	-	-
- Land use right	39,448	33,758	-	-
Auditors' remuneration				
- Statutory audits	450,437	300,774	62,000	52,000
- Under provision in prior year	19,300	-	6,000	-
- Non-audit services	25,000	105,000	25,000	105,000
Bad debts written off	17,987	-	-	-
Depreciation of property, plant and equipment	11,339,729	8,618,807	1,072,973	780,956
Non-Executive Directors' remuneration:				
- Fees	79,500	77,000	79,500	77,000
- Share-base payment	-	421,200	-	421,200
Loss on disposal of property, plant and equipment	(662)	17,901	-	-
Fair value adjustment on investment in securities	3,332,625	(3,309,363)	3,332,625	(3,309,363)
Loss/(Gain) on foreign exchange				
- realised	(107,074)	33,969	(4,093)	(44,148)
- unrealised	(155,892)	-	-	-

31. Profit/(Loss) Before Tax (Cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Impairment loss on:				
- Trade receivables	-	118,706	-	-
- Other receivables	1,272	-	-	-
Inventories written down	66,123	-	-	-
Interest income	(362,699)	(181,556)	(113,646)	(122,271)
Property, plant and equipment written off	126,379	35,542	-	-
Waiver of amount due to trade payables	-	(437,587)	-	-
Rental of workshop	559,100	1,138,641	-	-
Rental of equipment	187,180	70,293	1,380	2,933
Rental of motor vehicles	94,736	45,878	-	-
Rental of premises	2,138,491	307,420	-	-
Reversal of impairment loss on:				
- Trade receivables	(18,376)	(72,234)	-	-
Rental income of premises	-	-	-	(990,662)

32. Taxation

`

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	10,808,772	6,243,025	-	335,864
- Foreign tax	-	17,757	-	-
(Over)/Under provision in prior year:				
- Malaysia income tax	(1,267,868)	309,734	(335,864)	(8,746)
- Foreign tax	69,447	(5,757)	-	-
	9,610,351	6,564,759	(335,864)	327,118
Deferred tax :				
Origination and reversal of temporary differences	(1,381,704)	(128,590)	-	(33,000)
(Over)/Under provision in prior year	(138,645)	262,692	-	-
	(1,520,349)	134,102	-	(33,000)
Tax expense for the the financial year	8,090,002	6,698,861	(335,864)	294,118

32. Taxation (Cont'd)

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	25,416,171	21,223,108	(4,868,359)	2,788,266
Taxation at statutory tax rate of 25% (2014 : 25%)	6,332,817	5,305,777	(1,217,090)	697,067
Effects of tax rates in other countries	242,231	100,117	-	-
Income not subject to tax	(481,688)	(1,883,897)	-	(1,356,309)
Expenses not deductible for tax purposes	3,709,249	2,352,883	1,097,814	1,012,676
Share of results of associates and joint venture	65,435	234,587	-	-
Utilisation of previously unrecognised deferred tax assets	(832,512)	(132,465)	-	(50,570)
Deferred tax assests not recognised	391,536	155,190	119,276	-
(Over)/Under provision of deferred tax in prior year	(138,645)	262,692	-	-
(Over)/Under provision of income tax expense in prior year	(1,198,421)	303,977	(335,864)	(8,746)
Tax expense for the financial year	8,090,002	6,698,861	(335,864)	294,118

32. Taxation (Cont'd)

The Group and the Company have the following unutilised tax losses and capital allowances available to carry forward to offset against future taxable profits. The said amounts are subjected to approval by the tax authorities.

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unutilised tax losses	15,341,300	13,559,100	648,000	449,000
Unabsorbed capital allowances	14,333,300	7,083,200	402,000	109,000
	29,674,600	20,642,300	1,050,000	558,000

33. Earnings Per Share

Basic earnings per shares

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2015	2014
	RM	RM
Profit attributable to ordinary shareholders	21,165,573	16,344,870
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	799,421,328	493,390,000
Effect of ordinary shares issued during the financial year	10,516,795	224,450,309
Weighted average number of ordinary shares at 31 December	809,938,123	717,840,309
Basic earnings per ordinary shares (in sen)	2.61	2.28

33. Earnings Per Share (Cont'd)

Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2015	**2014**
	RM	**RM**
Profit attributable to ordinary shareholders of the Company (diluted)	21,165,573	16,344,870
Weighted average number of ordinary shares used in the calculation of basic earnings per share	809,938,123	717,840,309
Adjusted for:		
Assumed exercise of warrants at no consideration	77,092,780	-
Assumed exercise of ESOS at no consideration	-	3,756,071
Weighted average number of ordinary shares at 31 December (diluted)	887,030,903	721,596,380
Diluted earnings per shares (in sen)	2.39	2.27

34. Staff Costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	31,796,743	37,196,032	4,072,352	3,636,994
Social security contribution	233,910	248,681	27,153	27,066
Defined contibution plan	3,069,709	3,634,618	527,539	410,349
Share-based payment	-	1,817,526	-	1,817,526
Other benefits	1,603,832	1,978,521	257,474	234,075
	36,704,194	44,875,378	4,884,518	6,126,010

34. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group and Company	
	2015	2014
	RM	RM
Executive Directors		
Salaries and other emoluments	930,000	828,000
Defined contribution plan	109,200	99,360
Share-based payment	-	358,518
	1,039,200	1,285,878

35. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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 and chief executive officers of major subsidiary companies of the Group.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2015	2014
	RM	RM
Transactions with subsidiaries		
Rental income	-	990,662
Management fee received/receivables	9,000,000	5,820,000

35. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other member of key management personnel are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short-term employees benefits				
- Salaries and other emoluments	5,955,901	3,138,196	1,090,500	905,000
- Fees	79,500	77,000	79,500	77,000
- EPF	619,951	366,735	109,200	99,360
- Share-base payment	-	922,490	-	922,490
	6,655,352	3,581,931	1,279,200	1,081,360

36. Segment Information

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis.

The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, marine, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Recycling of waste	Extraction and recycling of waste tires for the production of carbon black, diesel fuel and scrap metal

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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 Group's Chief Executive Officer.

Segment total asset is used to measure the return of assets of each segment.

36. Segment Information (Cont'd)

2015	Maintenance, repair, overhaul and training RM	Recycling of waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue					
External customers	269,236,302	817,117	270,053,419	-	270,053,419
Inter-segment sales	103,582,318	-	103,582,318	(103,582,318)	-
Total revenue	372,818,620	817,117	373,635,737	(103,582,318)	270,053,419
Results					
Interest income	362,699	-	362,699	-	362,699
Finance costs	(2,388,488)	(118,056)	(2,506,544)	-	(2,506,544)
Depreciation of property, plant and equipment	(9,763,341)	(1,576,388)	(11,339,729)	-	(11,339,729)
Amortisation of intangible assets	(551,329)	-	(551,329)	-	(551,329)
Amortisation of land use right	(39,448)	-	(39,448)	-	(39,448)
Fair value adjustment on investment in securities	(3,332,625)	-	(3,332,625)	-	(3,332,625)
Other non-cash items	(476,160)	-	(476,160)	512,991	36,831
Share of results of associates and joint venture	(241,711)	-	(241,711)	-	(241,711)
Segment profit/(loss)	42,384,004	(2,091,251)	40,292,753	(802,231)	39,490,522
Segment assets	755,904,571	9,205,163	765,109,734	(266,289,026)	498,820,708
Included in the measurement of segment assets are:					
Capital expenditure	118,353,830	1,154,452	119,508,282	-	119,508,282
Investment in associates and joint venture	560,271	-	560,271	(241,711)	318,560
Segment liabilities	389,403,150	10,357,221	399,760,371	(251,369,404)	148,390,967
Other non-cash expenses/(income)					
Bad debts written off	17,987	-	17,987	-	17,987
Gain on disposal of property, plant and equipment	(662)	-	(662)	-	(662)
Impairment loss on receivables	1,272	-	1,272	-	1,272
Inventories written down	66,123	-	66,123	-	66,123
Property, plant and equipment written off	126,379	-	126,379	-	126,379
Reversal of impairment loss on receivables	(531,367)	-	(531,367)	512,991	(18,376)
Unrealised gain on foreign exchange	(155,892)	-	(155,892)	-	(155,892)

36. Segment Information (Cont'd)

2014	Maintenance, repair, overhaul and training RM	Recycling of Waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue					
External customers	166,855,073	402,649	167,257,722	-	167,257,722
Inter-segment sales	1,606,889	-	1,606,889	(1,606,889)	-
Total revenue	168,461,962	402,649	168,864,611	(1,606,889)	167,257,722
Results					
Interest income	181,556	-	181,556	-	181,556
Finance costs	(1,570,453)	(177,284)	(1,747,737)	-	(1,747,737)
Depreciation of property, plant and equipment	(7,461,023)	(1,157,784)	(8,618,807)	-	(8,618,807)
Amortisation of intangible assets	(379,344)	-	(379,344)	-	(379,344)
Amortisation of land use right	(33,758)	-	(33,758)	-	(33,758)
Fair value adjustment on investment in securities	(3,212,848)	-	(3,212,848)	-	(3,212,848)
Other non-cash items	199,915	-	199,915	(100,000)	99,915
Share of results of associates	(938,348)	-	(938,348)	-	(938,348)
Segment profit/(loss)	33,037,537	(377,990)	32,659,547	(838,349)	31,821,198
Segment assets	486,173,074	12,199,428	498,372,502	(154,781,855)	343,590,647
Included in the measurement of segment assets are:					
Capital expenditure	119,253,086	282,410	119,535,496	-	119,535,496
Segment liabilities	230,218,608	9,565,791	239,784,399	(151,740,219)	88,044,180
Other non-cash expenses/(income)					
Impairment loss on receivables	218,706	-	218,706	(100,000)	118,706
Reversal of impairment loss on receivables	(72,234)	-	(72,234)	-	(72,234)
Loss on disposal of property, plant and equipment	17,901	-	17,901	-	17,901
Property, plant and equipment written off	35,542	-	35,542	-	35,542

36. Segment Information (Cont'd)

(a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2015	2014	2015	2014
	RM	RM	RM	RM
Group				
Malaysia	225,483,213	128,237,741	242,748,547	133,592,364
Singapore	44,570,206	39,019,981	51,507,797	48,659,290
	270,053,419	167,257,722	294,256,344	182,251,654

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2015	2014
	RM	RM
Group		
Property, plant and equipment	94,918,678	69,088,807
Investment in associates	64,541	-
Investment in joint venture	318,560	-
Intangible assets	196,734,315	111,245,436
Land use right	1,900,250	1,637,411
Other investment	320,000	280,000
	294,256,344	182,251,654

(c) Major customer

Revenue from one major customer amounted to RM104,279,750 (2014: RM72,197,208) arising from sales by the maintenance, repair, overhaul and training segment.

37. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2015				
Financial Assets				
Investment in securities	2,443,925	-	-	2,443,925
Trade receivables	-	118,679,386	-	118,679,386
Other receivables	-	19,959,835	-	19,959,835
Amount due from joint venture	-	590,761	-	590,761
Fixed deposits with licensed banks	-	31,815,847	-	31,815,847
Cash and bank balances	-	12,063,998	-	12,063,998
	2,443,925	183,109,827	-	185,553,752
Financial Liabilities				
Trade payables	-	-	35,228,272	35,228,272
Other payables	-	-	10,505,450	10,505,450
Finance lease liabilities	-	-	3,005,343	3,005,343
Bank borrowings	-	-	43,055,559	43,055,559
	-	-	91,794,624	91,794,624

37. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2014				
Financial Assets				
Investment in securities	5,776,550	-	-	5,776,550
Trade receivables	-	68,404,571	-	68,404,571
Other receivables	-	25,742,432	-	25,742,432
Amount due from a Director	-	284,682	-	284,682
Fixed deposits with licensed banks	-	12,525,018	-	12,525,018
Cash and bank balances	-	26,022,799	-	26,022,799
	5,776,550	132,979,502	-	138,756,052
Financial Liabilities				
Trade payables	-	-	23,447,936	23,447,936
Other payables	-	-	13,013,648	13,013,648
Finance lease liabilities	-	-	1,248,770	1,248,770
Bank borrowings	-	-	37,647,193	37,647,193
	-	-	75,357,547	75,357,547

37. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Company				
2015				
Financial Assets				
Investment in securities	2,443,925	-	-	2,443,925
Other receivables	-	298,280	-	298,280
Amount due from subsidiaries	-	151,394,246	-	151,394,246
Fixed deposits with	-			
licensed banks	-	14,006,214	-	14,006,214
Cash and bank balances	-	527,813	-	527,813
	2,443,925	166,226,553	-	166,226,553
Financial Liabilities				
Other payables	-	-	342,303	342,303
Bank borrowings	-	-	13,180,795	13,180,795
	-	-	13,523,098	13,523,098
2014				
Financial Assets				
Investment in securities	5,776,550	-	-	5,776,550
Other receivables	-	7,919,288	-	7,919,288
Amount due from subsidiaries	-	107,202,217	-	107,202,217
Fixed deposits with licensed banks	-	5,087,865	-	5,087,865
Cash and bank balances	-	1,355,878	-	1,355,878
	5,776,550	121,565,248	-	127,341,798
Financial Liabilities				
Other payables	-	-	328,261	328,261
Amount due to subsidiaries	-	-	26,275,791	26,275,791
Bank borrowings	-	-	9,937,669	9,937,669
	-	-	36,541,721	36,541,721

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

(i) 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 and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM23,342,428 (2014: RM18,794,262), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Save as disclosed in Note 36(c), the Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

Financial guarantee
The Group provides secured bank guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM39,990,746 (2014: RM10,610,109). There was no indication that the guarantee will be called upon.

Intercompany loan advances
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

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

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

37. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2015						
Non-derivative financial liabilities						
Trade payables	35,228,272	-	-	-	35,228,272	35,228,272
Other payables	10,505,450	-	-	-	10,505,450	10,505,450
Finance lease liabilities	751,934	714,509	1,712,343	184,016	3,362,802	3,005,343
Bank borrowings	22,914,434	3,798,484	11,334,203	11,429,940	49,477,061	43,055,559
Financial guarantees	39,990,746	-	-	-	39,990,746	-
	109,390,836	4,512,993	13,046,546	11,613,956	138,564,331	91,794,624
2014						
Non-derivative financial liabilities						
Trade payables	23,447,936	-	-	-	23,447,936	23,447,936
Other payables	13,013,648	-	-	-	13,013,648	13,013,648
Finance lease liabilities	279,066	292,620	623,035	250,251	1,444,972	1,248,770
Bank borrowings	17,510,426	7,349,732	8,848,672	5,338,363	39,047,193	37,647,193
Financial guarantees	10,610,109	-	-	-	10,610,109	-
	64,861,185	7,642,352	9,471,707	5,588,614	87,563,858	75,357,547

37. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2015						
Non-derivative financial liabilities						
Other payables	342,303	-	-	-	342,303	342,303
Bank borrowings	1,848,890	1,730,537	5,069,100	9,751,757	18,400,284	13,180,795
Financial guarantees	23,342,428	-	-	-	23,342,428	-
	25,533,621	1,730,537	5,069,100	9,751,757	42,085,015	13,523,098
2014						
Non-derivative financial liabilities						
Other payables	328,261	-	-	-	328,261	328,261
Amount due to subsidiaries	26,275,791	-	-	-	26,275,791	26,275,791
Bank borrowings	1,175,208	1,175,208	3,525,624	8,989,071	14,865,111	9,937,669
Financial guarantees	18,794,262	-	-	-	18,794,262	-
	46,573,522	1,175,208	3,525,624	8,989,071	60,263,425	36,541,721

37. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Renminbi ("RMB") and Great Britain Pound ("GBP").

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in			
	USD	**EUR**	**RMB**	**GBP**
	RM	**RM**	**RM**	**RM**
Group				
2015				
Trade receivables	10,732,351	-	1,751,849	-
Other receivables	137,541	-	-	-
Cash and bank balances	1,628,309	-	-	-
Trade payables	(6,105,777)	(40,313)	-	-
Other payables	(1,543,208)	(721,027)	-	-
	4,849,216	(761,340)	1,751,849	-
2014				
Trade receivables	6,442,231	176,090	-	-
Other receivables	56,556	-	-	-
Cash and bank balances	2,552,426	42,022	-	-
Trade payables	(2,694,517)	(12,648)	-	(645,737)
Other payables	(1,646,234)	(588,197)	-	-
	4,710,462	(382,733)	-	(645,737)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, RMB and GBP exchange rates against RM, with all other variables held constant.

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.

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

37. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

	2015 RM	2014 RM
Group		
Financial Liability		
Bank borrowings	43,055,559	37,647,193
Company		
Financial Liability		
Bank borrowings	13,180,795	9,937,669

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. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have decreased the Group' and the Company's profit before tax by RM107,639 (2014: RM94,118) and RM32,952 (2014: RM24,844) respectively, arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Market price risk

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

The Group is exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher / lower, with all other variables held constant, the Group's profit before tax would have been RM244,392 (2014: RM577,655) higher / lower, arising as a result of higher / lower fair value gain on held for trading investment in equity instrument.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

37. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2015										
Financial Asset										
Investment in securities	2,443,925	-	-	2,443,925	-	-	-	-	2,443,925	2,443,925
Financial Liability										
Finance leases liabilities	-	-	-	-	-	2,483,232	-	2,483,232	2,483,232	2,383,120
2014										
Financial Asset										
Investment in securities	5,776,550	-	-	5,776,550	-	-	-	-	5,776,550	5,776,550
Financial Liability										
Finance leases liabilities	-	-	-	-	-	1,138,485	-	1,138,485	1,138,485	1,028,162

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Company										
2015										
Financial Asset										
Investment in securities	2,443,925	-	-	2,443,925	-	-	-	-	2,443,925	2,443,925
2014										
Financial Asset										
Investment in securities	5,776,550	-	-	5,776,550	-	-	-	-	5,776,550	5,776,550

37. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

(i) 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.
There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments
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.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

38. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows

38. Capital Management (Cont'd)

	2015 RM	2014 RM
Total loans and borrowings	46,060,902	38,895,963
Less: Deposits, bank and cash balances	(43,879,845)	(38,547,817)
Net debt	2,181,057	348,146
Total equity	350,681,670	248,057,488
Gearing ratio	62%	14%

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

The Group is not subject to any externally imposed capital requirements.

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 April 2016.

40. Supplementary Information On The Disclosure Of Realised And Unrealised Profits Or Losses

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company as at reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2015 is analysed as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total retained profits /(accumulated losses) of the Company and its subsidiaries				
- realised	21,302,252	4,237,295	(2,794,509)	849,932
- unrealised	(5,255,636)	(134,102)	-	-
Total accumulated losses from associates and joint venture				
- realised	(496,846)	(1,255,135)	-	-
- unrealised	-	-	-	-
	15,549,770	2,848,058	(2,794,509)	849,932
Less : Consolidation adjustments	35,752,396	33,334,335	-	-
Total retained profits /(accumulated losses)	51,302,166	36,182,393	(2,794,509)	849,932

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

LIST OF PROPERTIES

Location	Description	Current Use	Tenure	Age of Buildings	Audited Net Book Value as at 31.12.2105	Date of acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak	4,049 Square Meter	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM791,809	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam	4,180 Square Meter	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	16 years	RM15,857,744	04.06.2013
San Yu Town,Nantong TongZhou City Industry Park, Jiangsu Province, China	11,608 Square Meter	Office and Factory	Leasehold expiring on 1st March 2067 (unexpired term of about 53 years)	3 years	RM2,915,567	01.01.2011
No 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1189 square meter	Office and Workshop	Freehold	7 years	RM643,733	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1797 Square Meter Built up: 311 square meter	Office and workshop	Leasehold for a period of 60 years expiring on 22 Jan 2062.	-	RM 883,456	09.10.2014
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Build a yard on rented land)	14,520 Square meter	Yard	Rent and renew yearly.	4 years	RM 1,921,018	01.03.2012

LIST OF PROPERTIES

Location	Description	Current Use	Tenure	Age of Buildings	Audited Net Book Value as at 31.12.2105	Date of acquisition
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor D. Ehsan	Land area: 1,091 square meter Built up: 663 square meter	Office and workshop	Freehold	1 year	RM4,814,475	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Land area: 23,160 square meter Built up: 6,361 square meter	Office and fac-tory	Leasehold for a period of 99 years expiring on 27 June 2073	20 years	RM23,600,000	01.12.2015

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2016

A. Share Capital

Authorised Share Capital	:	RM150,000,000.00
Issued and Paid-up Capital	:	RM 92,063,361.80
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	13	0.57	477	0.00
100 – 1,000	419	18.28	184,601	0.02
1,001 – 10,000	941	41.06	5,829,233	0.63
10,001 – 100,000	713	31.11	26,050,350	2.83
100,001 to less than 5% of issued shares	203	8.86	487,037,957	52.90
5% and above of issued shares	3	0.13	401,536,000	43.61
Total	**2,292**	**100.00**	**920,633,618**	**100.00**

C. Directors' Shareholdings as at 31 March 2016

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Rodzali bin Daud	-	-	-	-
2.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	18,401,100	1.999	222,634,300	24.18[(a)]
3.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
4.	Abdul Rahman bin Mohamed Rejab	32,300	0.004	-	-
5.	Dato' Che Sulaiman bin Shapie	-	-	-	-
6.	Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	-	-	-	-
7.	Dato' Sri Dr Mohmad Isa bin Hussain	-	-	-	-

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd.

D. Substantial Shareholders as at 31 March 2016

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Aroma Teraju Sdn Bhd	200,000,000	21.72	-	-
2.	Destination Marine Services Sdn Bhd	107,142,857	11.64	-	-
3.	BPH Capital Sdn Bhd	221,256,000	24.03	-	-
4.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	18,401,100	1.999	222,634,300	24.18 (a)
5.	Lim Nyuk Sang @ Freddy Lim	73,405,200	7.97	16,500,000	1.79 (b)

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd.

(b) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in Santraprise Sdn Bhd.

E. List of 30 Largest Securities Account Holders as at 31 March 2016

No.	Name of Shareholders	Shares held	%
1	AROMA TERAJU SDN BHD	200,000,000	21.72
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	131,076,000	14.24
3	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	70,460,000	7.65
4	DESTINATION MARINE SERVICES SDN BHD	42,028,571	4.57
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	41,280,000	4.48
6	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : RHB TRUSTEES BERHAD FOR DESTINATION MARINE SERVICES SDN BHD	35,714,286	3.88
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR EXPORT-IMPORT BANK OF MALAYSIA BERHAD	25,000,000	2.72
8	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE	22,765,300	2.47
9	YAYASAN POK DAN KASSIM	19,760,000	2.15

No.	Name of Shareholders	Shares held	%
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	18000,000	1.96
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : SANTRAPRISE SDN BHD	16,500,000	1.79
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : LIM FEI NEE (8117227)	15,757,100	1.71
13	KAMARUDIN BIN MERANUN	15,000,000	1.63
14	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	14,675,400	1.59
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	13,000,000	1.41
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CHIN CHEE KAN (8117641)	11,574,800	1.26
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	11,200,000	1.22
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	11,155,000	1.21
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR BATU BARA RESOURCES CORPORATION SDN BHD (MP0184)	10,000,000	1.09
20	SITI MUNAJAT BINTI MD GHAZALI	9,290,000	1.01
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD (8093424)	6,720,000	0.73
22	AFFIN HWANG NOMINEES (ASING) SDN BHD BENEFICIARY : DBS VICKERS SECS (S) PTE LTD FOR GREAT FOREST LIMITED	6,267,300	0.68
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : LIM NYUK SANG @ FREDDY LIM	6,184,000	0.67
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHDBENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	5,350,000	0.58
25	YEW VUI HEUNG	4,876,900	0.53

No.	Name of Shareholders	Shares held	%
26	JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ABD AZIZ BIN SHEIKH FADZIR (MARGIN)	4,400,000	0.48
27	CITIGROUP NOMINEES (TEMPATAN)SDN BHD BENEFICIARY : GOLDMAN SACHS INTERNATIONAL	4,149,100	0.45
28	RAMASAMY RAMESH	4,130,000	0.45
29	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	3,586,200	0.39
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : LEE CHOO WENG	3,584,100	0.39

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 March 2016

A. Warrants

Issue Size : 237,956,967 free warrants issued pursuant to the Bonus Issue of Warrants (Expiry on 2 October 2016)

Number of Warrant holder : 1,834

B. Distribution of Warrant Holdings

Size of Holding	No. of Warrant holders	%	No. of Warrants Held	%
Less than 100	458	24.97	25,664	0.01
100 – 1,000	146	7.96	86,203	0.04
1,001 – 10,000	458	24.97	2,202,642	0.93
10,001 – 100,000	539	29.39	22,311,757	9.38
100,001 to less than 5% of the number of warrants issues	231	12.60	148,179,823	62.52
5% and above on the number of warrants issues	2	0.11	64,570,778	27.14
Total	**1,834**	**100**	**237,956,967**	**100**

C. Directors' Warrant Holdings as at 31 March 2016

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	Tan Sri Dato' Sri Rodzali bin Daud	-	-	-	-
2.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	267,400	0.11	34,393,712	14.45 [a]
3.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	-	-	-	-
4.	Abdul Rahman bin Mohamed Rejab	-	-	-	-
5.	Dato' Che Sulaiman bin Shapie	-	-	-	-
6.	Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	-	-	-	-
7.	Dato' Sri Dr Mohmad Isa bin Hussain	-	-	-	-

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd.

D. Substantial Warrant Holders as at 31 March 2016

No.	Name of Warrant Holders	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	BPH Capital Sdn Bhd	34,093,712	14.33	-	-
2.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	267,400	0.11	34,393,712	14.45[a]

(a) Deemed interested under Section 6A of the Companies Act, 1965 by virtue of his shareholdings in BPH Capital Sdn Bhd and R Capital Sdn Bhd.

E. List of 30 Largest Warrant Holders as at 31 March 2016

No.	Name of Warrant Holders	Shares held	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : BPH CAPITAL SDN.BHD	33,334,112	14.01
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : LIM NYUK SANG @ FREDDY LIM	31,236,666	13.13
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : SANTRAPRISE SDN BHD	11,000,000	4.62
4	LIM NYUK SANG @ FREDDY LIM	9,350,200	3.93
5	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY :EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,894,600	2.06
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHOW YING CHOON	4,420,000	1.86

No.	Name of Warrant Holders	Shares held	%
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEAH SONG KANG @ CHIAH JEE BA (CEB)	4,000,000	1.68
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD BENEFICIARY :EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,851,500	1.62
9	MERRY NOEL ROBERT	3,642,300	1.53
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE CHI KEN @ PHILIP LEE (8111593)	3,136,500	1.32
11	CHONG MEE FAH @ FREDERICK CHONG	3,090,100	1.30
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEONG CHEE JIAN (T TAMING JY-CL)	2,889,700	1.21
13	THEAN THON POH	2,500,500	1.05
14	LEONG CHEE JIAN	2,183,066	0.92
15	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHAN MENG YEONG @ PAUL CHAN	2,084,200	0.88
16	YEW VUI HEUNG	2,064,400	0.87
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM CHI TAT	2,030,000	0.85
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM BEN KEAT (8121608)	2,000,000	0.84
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,000,000	0.84
20	CHUA PENG BOON @ CHOY AH MUN	1,830,000	0.77
21	MAYBANK NOMINEES (TEMPATAN)SDN BHD BENEFICIARY : LEE TSIN FUI @ JAMES LEE	1,776,700	0.75
22	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (PWM ACSDA R)	1,754,500	0.74
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PASCAL RESOURCES SDN BHD (8089206)	1,626,933	0.68
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR CHONG KIM SHING @ CHONG PAN KIM (MQ00272)	1,625,500	0.68

No.	Name of Warrant Holders	Shares held	%
25	EDUCREST SDN BHD	1,500,000	0.63
26	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR JULIUS BAER & CO LTD (SINGAPORE BRANCH)	1,400,000	0.59
27	YONG SIOW VEE	1,264,000	0.53
28	MAZLAN BIN ABD MAJID	1,257,733	0.53
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR SHAHIDAN BIN KASSIM (MP0174)	1,200,000	0.50
30	MAZLAN BIN ABD MAJID	1,192,333	0.50

destiniberhad

DESTINI BERHAD
(Company No. 633265- K)
(Incorporated in Malaysia)

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth (12th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Orchid Room, Level 1, Acapella Suite Hotel, No 8 Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor on Monday, 30 May 2016, at 10.00 a.m for the purpose of transacting the following businesses:

AGENDA

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. (Ordinary Resolution 1)

2. To re-elect the Dato' Sri Dr Mohmad Isa bin Hussain who shall retire pursuant to Article 93 of the Company's Article of Association. (Ordinary Resolution 2)

3. To re-elect the following directors who shall retire pursuant to Article 86 of the Company's Articles of Association :

   i) Dato' Rozabil @ Rozamujib bin Abdul Rahman (Ordinary Resolution 3)
   ii) Dato' Che Sulaiman bin Shapie (Ordinary Resolution 4)

4. To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

5. **As Special Business:**

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

   Authority To Directors To Allot And Issue Shares (Ordinary Resolution 6)

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

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

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries
Kuala Lumpur
Date: 29 April 2016

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Registrar's office at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjourned meeting, as the case may be.

6. For the purpose of determining a member who shall be entitled to attend the Twelfth (12th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 23 May 2016. Only members whose name appears on the Record of Depositors as at 23 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes on Special Business

Ordinary Resolution 6: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 6, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Eleventh (11th) Annual General Meeting held on 16 June 2015 and which will lapse at the conclusion of the Twelfth (12th) Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Twelfth (12th) Annual General Meeting of the Company are:

i) Dato' Sri Dr Mohmad Isa bin Hussain
ii) Dato' Rozabil @ Rozamujib bin Abdul Rahman
iii) Dato' Che Sulaiman bin Shapie

The profile of the Directors standing for re-election under the Company's Articles of Association are set out on pages 10 to 13 of the Annual Report 2015. The shareholdings and warrant holdings of the abovenamed Directors in the Company is disclosed on page 157 and 161 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Statement of Corporate Governance on page 28 of the Annual Report 2015.

The Twelfth (12th) Annual General Meeting of the Company will be held at Orchid Room, Level 1, Acapella Suite Hotel, No 8 Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor on Monday, 30 May 2016, at 10.00 a.m.

destiniberhad

Proxy Form

I / We (Full Name in Block Letters)____

NRIC No. / Passport No. / Company No. ____

of____

being a member / members of DESTINI BERHAD, hereby appoint____________________________

NRIC No. / Passport No. ____

of____

and/or ____

NRIC No. / Passport No. ____

of____

or failing him/ her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Twelfth (12th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") to be held at Orchid Room, Level 1, Acapella Suite Hotel, No 8 Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor on Monday, 30 May 2016, at 10.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolutions To receive the Audited Financial Statements for the year ended 31 December 2015 and Reports of the Directors' and Auditors thereon.		
2.	To re-elect Dato' Sri Dr Mohmad Isa bin Hussain as Director.		
3.	To re-elect Dato' Rozabil @ Rozamujib bin Abdul Rahman as Director.		
4.	To re-elect Dato' Che Sulaiman bin Shapie as Director.		
5.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6.	As Special Business :- To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this ________ day of ____________________, 2016.

Signature : ____
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ....

Percentage : ....%

Second Proxy
No. of Shares: ....

Percentage : ....%

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Registrar's office at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjourned meeting, as the case may be.
6. For the purpose of determining a member who shall be entitled to attend the Twelfth (12th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 23 May 2016. Only members whose name appears on the Record of Depositors as at 23 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

AFFIX
STAMP

THE REGISTAR OF
DESTINI BERHAD (633265-K)
Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

2nd fold here

1st fold here

destinigroup.com

DESTINI BERHAD
(Co. Reg. No.: 633265-K)

No 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park,
40150 Shah Alam, Selangor, Darul Ehsan Malaysia.

T: +603 5567 0333 F: +603 5569 1233

info@destinigroup.com