destiniberhad

Annual Report

2014

Content

Corporate Profile

Destini Berhad ("Destini" or "the Company") is a leading player in the provision of maintenance, repair and overhaul (MRO) services specialising in the safety, survival and rescue equipment for the aviation, marine and oil and gas industries. It also manufactures and trade lifeboats, hyperbaric lifeboats, fast rescue boats, life rafts and components, on/off load hook release systems and related components and spare parts.

It started life as Satang Jaya Holdings Bhd in 1999, changed its name to Satang Holding Bhd and was subsequently listed on Bursa Malaysia in 2003. After a management overhaul in 2011, Satang Holdings was rebranded as Destini Berhad to reflect the more synergised and aligned business direction that the new Board of Directors embarked on in turning around the group's fortune.

What started as a company that supplied spare parts for the aviation and aerospace industry has now evolved into a reputable brand in the safety and survival equipment and MRO services sector.

Essentially, Destini aims to be a one-stop centre for the supply of safety equipment and MRO services in the aviation, marine, oil and gas and defence sectors.

The Destini Group of companies are driven by Destini Prima Sdn Bhd, Armada Pte Ltd, Destini Engineering Technologies Sdn Bhd, Destini Info Tech Sdn Bhd and Destini HRTC Sdn Bhd.

Not content with just focusing on one particular business, Destini has been actively undertaking strategic acquisitions of various companies in a bid to diversify its income stream.

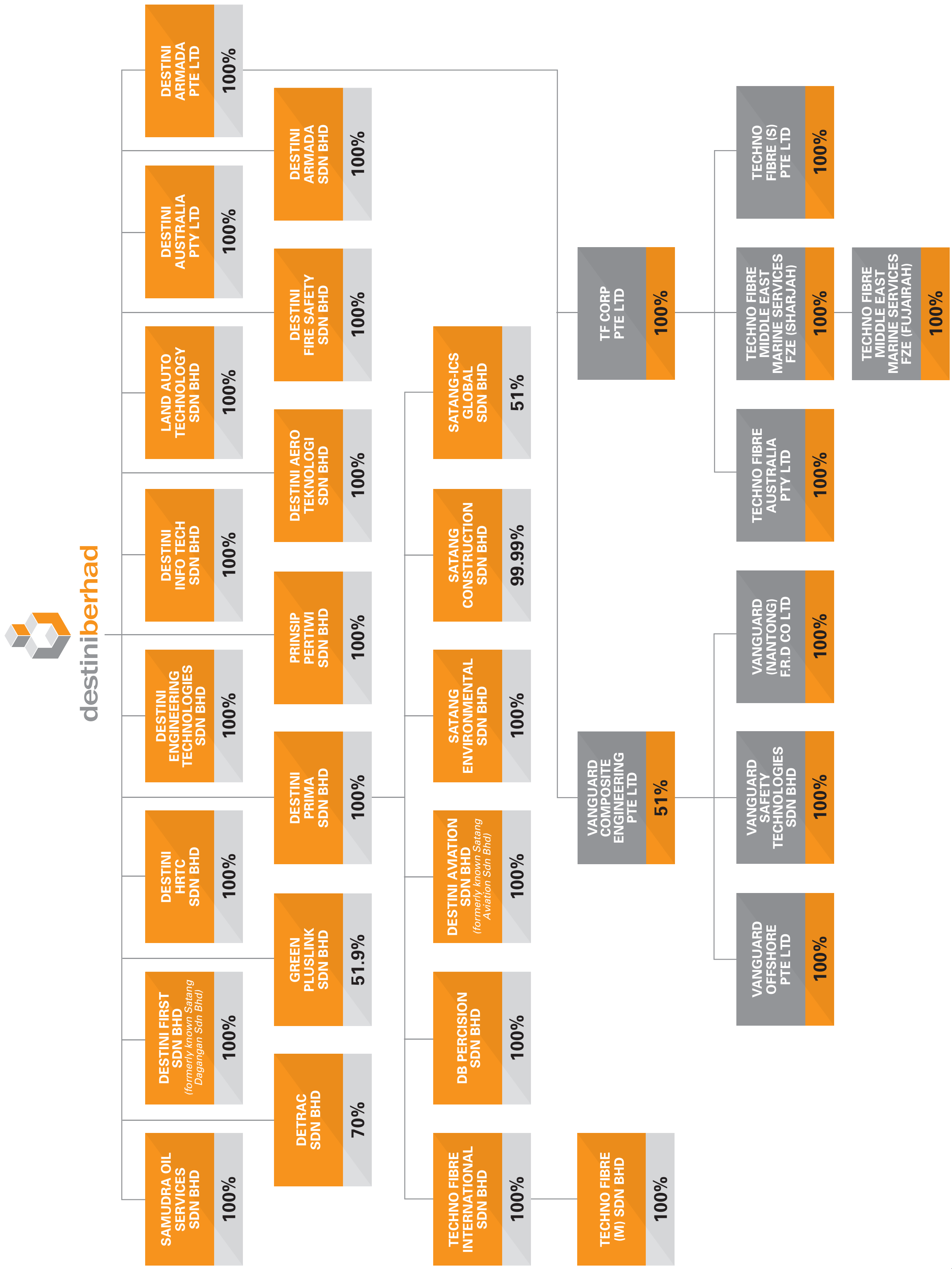
In February 2012, Destini acquired a 50% stake in defence and commercial automotive manufacturer System Enhancement Resources & Technologies Sdn Bhd (SERT).

It then completed the acquisition of Vanguard Composition Engineering Pte Ltd, a Singapore-based company involved in the manufacturing, servicing and maintenance of lifeboats, life rafts and davit systems at the end of 2012.

To further boost its reach in the maintenance, repair and overhaul (MRO) sector, in 2013 it bought over MRO services provider TF Corp Pte Ltd along with its subsidiaries Techno Fibre Australia Pty Ltd, Techno Fibre Middle East Marine Services FZE, Techno Fibre (5) Pte Ltd and Techno Fibre International Sdn Bhd.

In April 2014, Destini had completed the acquisition of Samudra Oil Services Sdn Bhd, a company involved in the provision of tubular handling services in the oil and gas sector from its parent, Kejuruteraan Samudra Timur Bhd. This venture marks Destini's entry into the oil and gas sector, which will also see synergy with its marine division.

Corporate Structure of Destini Berhad



Corporate Information

BOARD OF DIRECTORS

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

DATO' ROZABIL @ ROZAMUJIB
BIN ABDUL RAHMAN
Group Managing Director

ABDUL RAHMAN BIN MOHAMED REJAB
Executive Director

DATO' MEGAT FAIROUZ JUNAIDI
BIN TAN SRI MEGAT JUNID
Independent & Non-Executive Director

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

PROFESSOR DATIN DR SUZANA
BT SULAIMAN @ MOHD SULEIMAN
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

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

AmIslamic Bank Berhad (8515-D)

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

Subsidiary and Sub-Subsidiaries

1. **DESTINI PRIMA SDN BHD** (223732-V)
   Maintenance, Repair and Overhaul (MRO) services for Safety, Survival, Security and Rescue equipment.

2. **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.

3. **DESTINI INFO TECH SDN BHD** (561654-M)
   Provides ICT consultancy and solution services.

4. **DESTINI HRTC SDN BHD** (967258-X)
   Provides training & education consultancy.

5. **DESTINI FIRST SDN BHD** (217774-M)
   Vendor of defence and aviation equipment, part and accessories.

6. **DB PRECISION SDN BHD** (1057950-U)
   To carry on the business of provision of calibration and cylinder services in Malaysia and worldwide.

7. **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.

8. **PRINSIP PERTIWI SDN BHD** (1139310-V)
   To carry on the business as general merchants.

9. **GREENPLUS LINK 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, repairs 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. 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.

18. 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.

19. VANGUARD OFFSHORE PTE LTD (200923004Z)
Wholesaler of Marine Equipment and Accessories (General Importers and Exporters of Marine Equipment and Accessories).

20. VANGUARD (NANTONG) F.R.D CO LTD
Manufacturing, maintaining and trading of FRP ship, FRP products and life-saving equipment.

21. TF CORP PTE LTD (201310889H)
Investment Holdings.

22. TECHNO FIBRE 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 servicing liferaft and fire fighting equipment.

23. TECHNO FIBRE (M) SDN BHD (753162-W)
Dormant. Lifeboat and davit maintenance, repair, overhaul and testing.

Subsidiary and Sub-Subsidiaries

24. TECHNO FIBRE (S) PTE LTD (199300541H)
Repairing and Service of Fibre Composite Life Boats & Davits and Consultation Engineering and Servicing.

25. 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.

26. TECHNO FIBRE MIDDLE EAST MARINE SERVICES FZE (06585)
Lifeboat and davit, fast rescue craft repair, maintenance and load testing together with lifecraft and fire and gas protection and detection systems inspection and servicing.

27. TECHNO FIBRE MIDDLE EAST MARINE SERVICES (12-B-113121)
Provides installation and maintenance of marine equipment.

28. SAMUDRA OIL SERVICES SDN BHD (905337-M)
Provider of tubular handling equipment and running services in the oil and gas industry.

29. SATANG ENVIRONMENTAL SDN BHD (546811-V)
Dormant.

30. SATANG CONSTRUCTION SDN BHD (789202-P)
Dormant.

31. SATANG ICS-GLOBAL SDN BHD (741664-D)
Dormant.

Directors' Profile

TAN SRI DATO' SRI RODZALI BIN DAUD

A Malaysian aged 60, is the Independent, Non-Executive Chairman of the Company. He was appointed as Chairman of the Company on 15 May 2015. He obtained his Masters in Defence Studies from Universiti Kebangsaan Malaysia and Masters in Strategic Studies from Quaid-i-Azam University, Pakistan.

He 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 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

A Malaysian aged 43, is the Group Managing Director of the Company since 7 January 2014. He is responsible for the overall direction and management of the Group. He was initially appointed as an Independent & Non-Executive Director on 11 November 2010 and re-designated as Managing Director of the Company on 3 January 2011. He obtained his Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur in 2009.

He was the Managing Director of BPH Engineering Sdn Bhd, an M&E engineering company before establishing Benar Prima Resources Sdn Bhd, a construction and development company and Benar Prima Capital Sdn Bhd, an investment trading company. He has diversified business interests ranging from construction and property development to trading. He also serves as Director of several other private 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.

Directors' Profile

DATO' MEGAT FAIROUZ JUNAIDI BIN TAN SRI MEGAT JUNID

A Malaysian aged 49, is an Independent & Non-Executive Director. He was appointed to the Board on 17 August 2010. He graduated from Arkansas State University with a Bachelor of Science in Finance in 1987 and obtained his Master in Business Administration a year after.

He has many years' 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

A Malaysian aged 49, is the Executive Director of the Company. He was first appointed as an Independent & Non-Executive Director on 03 January 2011 before being re-designated to his current role on 15 October 2012. He holds a Bachelor Degree in Finance from St. Louis University, Missouri, United States of America.

Currently he also serves as an Independent & Non-Executive Director of Viztel Solutions Berhad. He has over 15 years of experience in financial and asset management and was formerly attached to AmBank (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.

PROFESSOR DATIN DR SUZANA BT SULAIMAN @ MOHD SULEIMAN

A Malaysian aged 49, is an Independent & Non-Executive Director. She was appointed to the Board on 08 January 2013. She obtained a Master of Accounting (Distinction) from Curtin University of Technology, Australia in 1997 and completed her Doctorate with a PhD from University of Edinburgh, Scotland, United Kingdom in 2003. She is also a Fellow of the Chartered Institute of Management Accountants (CIMA) UK, Chartered Global Management Accountant (CGMA) and Chartered Accountant (CA), Malaysian Institute of Accountants (MIA).

She is a Professor in Management Accounting, Faculty of Accountancy and Head of Asian Management Accounting Research Centre (AMARC) of the Accounting Research Institute (ARI). She has over 22 years of experience in the education field with UiTM which include 12 years of holding academic administrative posts such as Assistant Vice Chancellor, Deputy Dean (Academic) and Coordinator. She is also actively involved in the Chartered Institute of Management Accountants (CIMA) (UK) activities and is the current Chairman of CIMA Malaysia Country Branch. She was also the former Deputy Chairman, CIMA Malaysian Division Council Member and Treasurer.

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

A Malaysian aged 57, is an Independent & Non-Executive Director. He was appointed to the Board on 08 January 2013. He holds a Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia.

A businessman with a diverse business interest, he has over 12 years of experience in financial and credit management. He served Bank Islam Malaysia Berhad from 1984 until 1996.

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.

Chairman's Statement

Dear Valued Shareholders,

It is my distinct pleasure on behalf of the Board of Directors ("Board") and management of Destini Berhad ("Destini" or the "Group") to present our Annual Report and the Audited Financial Statements for the financial year ended 31 December 2014 ("FY2014"). It has been an exciting year for the Group as we continue to pursue a dedicated strategy aimed at strengthening our fundamentals while diversifying our revenue streams. Our latest acquisitions, namely the addition of Green Pluslink Sdn Bhd ("Green Pluslink") as well as Samudra Oil Services Sdn Bhd ("Samudra Oil") exemplify these goals, and will open doors to lucrative new opportunities to expand our expertise. We are therefore optimistic that our prospects for the future remain positive, as we look to explore and build new avenues of growth.

PERFORMANCE AND FINANCIAL REVIEW

Shareholder equity currently stands at RM255.55 million for FY2014, more than double the total of RM110.86 million achieved in the financial year ended 31st December 2013 ("FY2013"). This translates into an Earnings Per Share ("EPS") value of 2.28 sen for the year under review. The Group's revenue continued its steady trend of increase this year, totalling RM167.26 million for FY2014, up 79% from RM93.31 for FY2013. The rise was largely attributable to higher trading sales and consequently revenue contributions from our new subsidiaries Samudra Oil and Green Pluslink. Accordingly, Profit After Tax ("PAT") showed an increase of 34% with the Group recording RM14.52 million for the year under review, compared to RM10.87 million in FY2013, buoyed by the contributions from Samudra Oil as well as increased profit from our Maintenance, Repair & Overhaul ("MRO") service divisions.

SIGNIFICANT EVENTS FOR FY2014

There was a number of partnerships established over the year under review, as a result of the Group actively seeking out new business opportunities which are synergistic with the Company's core business operations and activities. Aimed at solidifying our market presence and technical reach, the Group believes these partnerships will go a long way towards supporting our goal of maintaining our profitability while continuing to create value for both our stakeholders and shareholders alike.

Of significant note was Destini's appointment as a Key Industrial Partner ("KIP") of Thales Asia, a world renowned defence company which originally began with a strong presence in the French market but has now expanded its operations to over 50 countries, where it provides sophisticated solutions in the aerospace, space, ground transportation, defence and security sectors.

With this appointment the Group will be able to participate in Thales Asia's projects in Malaysia as well as worldwide, allowing us to offer our expertise and services to a range of new potential customers. I believe that it will empower us to further consolidate our position in the different industries we are currently involved in and equip us to better compete for new contract opportunities.

OUTLOOK FOR 2015 AND FUTURE PROSPECTS

As the global economy continues on its protracted path to recovery, Malaysia is expecting a Gross Domestic Product ("GDP") growth rate of 5-6% for 2015. As such it is conceivable to assume that the Government will continue its implementation of the National Aerospace Blueprint (2015 to 2030), which is focused on developing the country, with the goal of becoming the leading aerospace nation in South-East Asia by 2030. Once com ted, it is expected to contribute approximately RM32.5 billion in revenue and 32,000 high-income jobs.

Concurrently, defense spending for the Malaysian armed forces is expected to be driven by the procurement of 257 8x8 wheeled APC vehicles for the army (between 2012 to 2018), as well as multi-purpose support ships for the navy, and replacement of a number of MiG-29 aircraft by about 18 MRCA aircraft along with other helicopter purchases for the air force.

In light of these on-going developments, the Board is optimistic with regards to the Group's prospects for the coming year. We believe that by banking on our established track record and the strong working relationships we have built with our clients over the years, Destini will be ideally placed to explore and take advantage of emerging new business opportunities within Malaysia.

In addition, we are now better positioned to offer our growing repository of high-level technical expertise to a wide range of potential customers worldwide. The Board is mindful of the current challenging market conditions within the Oil & Gas industry, however we are of the view that our strategic foray into the sector via the acquisition of Samudra Oil will ensure that we are competitive. We are committed to upholding our principles of strict fiscal responsibility, and will continue to balance them with our efforts towards positive growth.

APPRECIATION

I would like to express my heartfelt thanks to my esteemed fellow board members, for their wise counsel and strategic input through the challenges and complexities the Group faced and look to their continued support moving forward.

On behalf of the Board I extend our sincere gratitude to the management team and all our valued employees, for their diligent efforts over the year. All of you have played a big part in the successes we have enjoyed thus far. My appreciation also goes out to our shareholders and stakeholders for their loyalty and belief in the Group. All of us at Destini are committed to continuing to carry out our responsibilities as mandated by your trust.

Last but not least, I would like to express my appreciation to our customers, suppliers, business associates and the relevant regulatory bodies for your continuing support and assistance. It has truly been an enriching experience working with all of you, and we hope to share many more years of fruitful association.

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

Statement of Corporate Social Responsibility

Destini Berhad ("Destini") is fully committed to ensuring the interests of its employees, shareholders and stakeholders through practical practices of Corporate Social Responsibility ("CSR"). 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 CSR very seriously and will not neglect the aspects of CSR which are pertinent to the business operations of the Destini Group of Companies ("the Group").

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

a) **Charity-Welfare Programmes**
To fund and promote charitable events and causes that encourages 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.

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.

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 & Army is not neglected. It is a commitment by Destini as a practise of good CSR 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 CSR 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 maximize 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 2014 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD OF DIRECTORS

Board Balance

The Board consists of six (6) members, which comprises of an Independent & Non-Executive Chairman, one (1) Group Managing Director, one (1) Executive Director and three (3) Independent & Non-Executive Directors. The profiles of these Board members are laid out in pages 9 to 11.

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 has not set a gender diversity targets as of the reporting period as it is of the view that the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender but will nevertheless considers appointing more Directors of the female gender where suitable.

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 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.

A copy of the Board Charter is available at the Company's website.

Statement of Corporate Governance

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Company is in the midst of preparing its Code of Conduct, 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 Board will undertake to develop the said Code of Conduct and upload the same on the Company's website in due course.

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 Social Responsibility" of this Annual Report.

Board Meetings

The Board held five (5) meetings during the financial year ended 31 December 2014. The details of Directors' attendances are set out below:

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Dato' Rozabil @ Rozamujib bin Abdul Rahman	5/5
Dato' Abdul Aziz bin Sheikh Fadzir #	3/5
Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	5/5
Azhar bin Azizan @ Harun #	4/5
Abdul Rahman bin Mohamed Rejab	5/5
Dato' Che Sulaiman bin Shapie	5/5
Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	4/5
Tan Sri Dato' Sri Rodzali bin Daud *	Not Applicable

Notes:
Resigned on 15 May 2015
* Appointed on 15 May 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.

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 sufficiently in advance. 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 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 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. The Board recognises that the Company Secretaries are 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 the discharge of their functions.

When necessary, the Directors may whether as a full Board or in their individual capacity, seek independent professional advice in furtherance of their duties at the Company's expenses.

Directors' Training

Save for Tan Sri Dato' Sri Rodzali bin Daud who was appointed on 15 May 2015, 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.

During the financial year, all Directors were not able to select any suitable training programmes to attend 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, all Directors were also advised of developments of changes to relevant laws and regulatory requirements 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 includes:

   a) 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;
   b) 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;
   c) 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;
   d) To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when the need arises;
   e) 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;
   f) To represent the public interest and avoid any inappropriate use of public fund when considering severance payments for senior staff; and
   g) 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 2014 included the following:

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

2. Reviewed and recommended remuneration package for the Directors.

Statement of Corporate Governance

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:

(i) The NRC reviews the Board's composition through Board assessment/evaluation;
(ii) The NRC determines skills matrix;
(iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) The NRC recommends to the Board for appointment; and
(v) The Board approves the appointment of the candidates.

The NRC does an annual review of the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group. The NRC is satisfied with the current size of the Board, and with the mix of qualifications, skills & 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.

None of the current independent board members had served the company for more than nine (9) years. As per the recommendations of MCCG, should the tenure of an Independent Director exceed nine (9) years, shareholders approval will be sought at a General Meeting or if the services of the Director concerned are still required, the Director concerned will be re-designated as a non-independent Director.

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 caliber 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	–	828,000	828,000
Non-Executive Directors	–	77,000	77,000
Total	–	905,000	905,000

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

Statement of Corporate Governance

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	–	5
RM50,000 – RM100,000	–	–
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	–	–
RM200,001 – RM250,000	1	–
RM250,001 – RM300,000	–	–
RM300,001 – above	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 2014, a total of 30,292,100 options had been offered and granted to the eligible employees (including 12,995,300 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 31.12.2014	NO. OF ESOS OPTIONS VESTED	NO. OF ESOS OPTIONS EXERCISED	NO. OF ESOS OPTIONS LAPSED	NO. OF ESOS OPTIONS OUTSTANDING
Directors	12,995,306	12,995,306	500,000	–	12,495,306
Senior Management	2,379,536	2,379,536	545,000	–	1,834,536
Other Employees	14,917,258	14,917,258	4,404,900	–	10,492,358
Total	30,292,100	30,292,100	5,449,900	–	24,822,200

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 2014 are as follows:

ESOS OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH				
NAME OF DIRECTOR	BALANCE AS AT 01.01.2014	NUMBER OF ESOS OPTIONS GRANTED	NO. OF ESOS OPTIONS EXERCISED	BALANCE AS AT 31.12.2014
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

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 2014, 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

Dialogue between the Group and Investors

The Group values dialogue and recognizes 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.

Shareholders can access for information from the Group's website at www.destinigroup.com.

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.

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.

Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls and for reviewing the effectiveness of these systems. Such systems can only provide reasonable but not absolute assurance against material misstatement or loss. It includes formal policies and operating procedures in relation to the safeguarding of assets, maintenance of proper accounting records and reliability of financial information, compliance with applicable legislation, regulation and best practices. The Board is continuously looking into the adequacy and integrity of its system of internal control. The Group has operated under an established internal control framework which is described, and supported by the external auditors, in the Statement on Risk Management and Internal Control on page 35.

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 Auditors

The External Auditors, Messrs UHY have to report to the Company of their findings which are included as part of the Company's financial reports with respect to each year's audit on statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors will highlight to the Audit Committee and the Board of Directors on matters that require the Audit Committee's and Board's attention and action. Annual appointment or re-appointment of the external auditors is via shareholders' resolution at the AGM on the recommendation of the Board.

Statement of Corporate Governance

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 2014, 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 have 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

The Group has complied with and shall remain committed to attain the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws.

Additional Compliance Information

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2014 by the external auditors or a firm or company affiliated to the external auditors were RM105,000.00. The non-audit fees is for the review of Statement of Internal Controls & Risk Management 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, 5,449,900 ordinary shares of RM0.10 each were issued arising from the exercise of 30,292,100 options granted to the eligible Directors and employees pursuant to the Employees' Share Options Scheme.

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 27 February 2015.

PROFIT GUARANTEE

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

MATERIAL CONTRACTS

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

CONTRACTS RELATING TO LOANS

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

Additional Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE ("RRPT")

The details of RRPT of a trading or revenue nature of the Group for the financial year ended 31 December 2014 are as follows:

RELATED PARTY	DESTINI GROUP – TRANSACTING PARTY	NATURE OF TRANSACTION WITH DESTINI GROUP	VALUE OF TRANSACTION (RM)	NATURE OF RELATIONSHIP BETWEEN DESTINI GROUP AND THE RELATED PARTY
Kejuruteraan Samudra Timur Berhad ("KSTB")	Samudra Oil Services Sdn Bhd	Provision of tubular handling equipment and services	RM 11,827,454	• KSTB was a major shareholder of Destini with a shareholding of 15.87% as at 24 April 2014. • On 15 May 2014, Destini had announced that KSTB had ceased to be major shareholder of the Company on 9 May 2014.

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 2014.

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 seven (7) meetings during the financial year ended 31 December 2014. The details of attendance of the Audit Committee members are as follows:

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Dato' Megat Fairouz bin Tan Sri Megat Junid	7/7
Professor Datin Dr Suzana bt. Sulaiman @ Mohd Suleiman	6/7
Dato' Che Sulaiman bin Shapie	6/7

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 2014 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; and

5. Reported to the Board on its activities and significant findings and results.

Audit Committee 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;

3. Duties and Responsibilities (cont'd)

   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;

Terms of Reference (cont'd)

5. Meeting and Minutes (cont'd)

    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 RM125,709.96.

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

Summary of Activities of the Internal Audit Function

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 Committee 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:

i) 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.

ii) 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.

iii) 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.

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

v) 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.

vi) 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.

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 reorganized the system of internal control.

Statement on Risk Management and 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.

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 organization 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 function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. Group Internal Audit activities are guided by an Internal Audit Charter which is approved by the Audit Committee. 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 Internal Audit through follow up reviews.

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 2014 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 Financial Officer 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 recognizes 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.

Financial Statements

FINANCIAL

Directors' Report

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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. 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 for the financial year	14,524,247	2,494,148
Attributable to:		
– Owners of the Parent	16,344,870	2,494,148
– Non-controlling interests	(1,820,623)	–
	14,524,247	2,494,148

RESERVES AND PROVISIONS

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

DIVIDEND

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company has established an Employees' Share Option Scheme ("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 are disclosed in Note 18 to the financial statements.

During the financial year, 5,459,900 share options were exercised at the exercised price of RM0.53 each. As at the end of the financial year, the total number of unissued shares under the ESOS is 24,832,200.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names of option holders, other than Directors, who have been granted options during the financial year to subscribe for less than 163,000 ordinary shares of RM0.10 each and details of their holdings as required by S169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

The list of employees who have been granted option to subscribe for ordinary shares of RM0.10 each of 163,000 and more during the financial year are as follows:

	No. of Options Over Ordinary Shares Granted Unit
Ismail Mustaffa	934,700
Kabol Surat	899,700
Khairuddin Mohd Zahari	592,800
Othman Ahmad	553,300
Ibrahim Ahmad	547,200
Zainal Abdullah	545,000
Ek Sing Nguong	533,800
Rohaini Ahmad	530,700
Rohaya Halil	526,300
Aris Kefli bin Mohamad Yusof	494,500
Annieza Mohamed Ali	294,400
Mohd Faisol Mohd Ghazali	292,700
Rohyah Ab. Malek	268,600
Abdul Rashid Yahaya	249,900
Abdul Wahab Nayan	248,900
Rosli Ismail	244,400
Tajul Arifin Mohd Yusof	243,300
Mohd Noor Hj Mokhtar	239,800
Razali Abdullah	239,800
Abdul Razak Abdul Halim	238,700
Roslee Mohamed	234,300
Ahmad Foad Amir	233,800
Alias Sariman	219,000
Fa'izah Abbas	216,000
Sairi Hj Ibrahim	216,000
Othman Abdullah	206,500
Mohamad Najib Saad	181,200
Izam Syaharadzi A. Sofian	163,000

Directors' Report

ISSUE OF SHARES AND DEBENTURES

During the financial year the Company increased its:

i) Authorized share capital from RM100,000,000 to RM150,000,000 through creation of 50,000,000 share of RM0.10 each; and
ii) issued and paid-up ordinary share capital from RM49,339,000 to RM79,942,133 by way of:
   a) the issuance of 72,000,000 ordinary shares of RM0.10 each through Private Placement at an issue price of RM0.60 per ordinary shares for cash to fund the Group's future business expansion plans;
   b) the issuance of 228,571,428 ordinary shares of RM0.10 each at an issue price of RM0.35 per ordinary share as consideration for the acquisition of the entire issued and paid-up share capital of Samudra Oil Services Sdn Bhd; and
   c) the issuance of 5,459,900 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 to find the Group's future business expansion plans.

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

There was no issuance of debentures during the financial year.

DIRECTORS

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

Azhar bin Azizan @ Harun
Dato' Rozabil @ Rozamujib bin Abdul Rahman
Dato' Abdul Aziz bin Haji Sheikh Fadzir
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

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	No. of Ordinary Shares of RM0.10 Each			
	At 1.1.2014	**Bought**	**Sold**	**At 31.12.2014**
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib bin Abdul Rahman	401,100	–	–	401,100
Indirect interest				
Dato' Rozabil @ Rozamujib bin Abdul Rahman^	89,200,000	168,247,700	(1,540,000)	255,907,700

DIRECTORS' INTERESTS (CONT'D)

	No. of Warrants			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib bin Abdul Rahman	267,400	–	–	267,400
Indirect interest				
Dato' Rozabil @ Rozamujib bin Abdul Rahman*	55,473,712	300,000	(21,380,000)	34,393,712

	No. of Share Options Over Ordinary Shares of RM0.10 Each			
	At 1.1.2014	Granted	Exercised	At 31.12.2014
Interests in the Company				
Direct interest				
Azhar bin Azizan @ Harun	–	1,800,000	–	1,800,000
Dato' Rozabil @ Rozamujib bin Abdul Rahman	–	3,240,000	–	3,240,000
Dato' Abdul Aziz bin Haji Sheikh Fadzir	–	1,800,000	–	1,800,000
Dato' Che Sulaiman bin Shapie	–	810,000	–	810,000
Prof. Datin Dr, Suzana bt Sulaiman @ Mohd Suleiman	–	810,000	–	810,000
Abdul Rahman bin Mohamed Rejab	–	2,735,300	(500,000)	2,235,300
Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	–	1,800,000	–	1,800,000

^ 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

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.

DIRECTORS' BENEFITS (CONT'D)

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.

OTHERS 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 statisfied 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 now aware of any circumstance:

   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 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 Groups and 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 would have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and 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 liabilities of any other person; or

   ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company.

OTHERS STATUTORY INFORMATION (CONT'D)

d) In the opinion of the Directors:

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

   ii) the results of operations of the Group and the Company during financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENTS

Significant events are disclosed in Note 5, 6, 16 and 18 to the financial statements.

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 29 April 2015.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	**AZHAR BIN AZIZAN @ HARUN**

Statement by Directors

Pursuant to Section 169(15) of the Company 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 48 to 139 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 38 to the financial statements on page 140 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 Malaysia Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board Directors in accordance with a resolution of the Directors dated 29 April 2015.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

AZHAR BIN AZIZAN @ HARUN

Statutory Declaration

Pursuant to Section 169(16) of the Company Act, 1965

I, ABDUL RAHMAN BIN MOHAMED REJAB, being the Director primarily responsible for the financial management of DESTINI BERHAD, do solemnly and sincerely declare theat the financial statements set out on pages 48 to 140 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at KUALA LUMPUR)
in the Federal Territory on 29 April 2015)
)

ABDUL RAHMAN BIN MOHAMED REJAB

Before me,

No. W 521
MOHAN A.S.MANIAM

COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of Destini Berhad

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 2014 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 48 to 139.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that 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 are necessary to enable the preparation of financial statement 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 that we obtained is sufficient and appropriate to provide the 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 2014 and of their financial performance and cash flow for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

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 38 on page 140 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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 Malaysia 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 MATTER

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

UHY
Firm Number: AF 1411
Chartered Accountants

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

KUALA LUMPUR
29 April 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-Current Assets					
Property, plant and equipment	4	69,088,807	28,088,950	18,615,738	18,507,552
Investments in subsidiaries	5	–	–	98,515,913	13,715,913
Investments in associates	6	–	683,214	1,000,000	1,000,000
Investments in securities	7	5,776,550	2,467,187	5,776,550	2,467,187
Intangible assets	8	111,245,436	41,408,199	–	–
Land use rights	9	1,637,411	1,609,099	–	–
Other investment	10	280,000	120,000	150,000	–
		188,028,204	74,376,649	124,058,201	35,690,652
Current Assets					
Inventories	11	15,798,856	8,686,296	–	–
Trade receivables	12	68,404,571	50,380,517	–	–
Other receivables	13	30,709,845	17,625,388	8,001,310	3,912,184
Amounts owing by subsidiaries	14	–	–	107,202,217	68,804,077
Amount owing by a Director	25	284,682	–	–	–
Tax recoverable		1,816,672	1,027,120	–	–
Fixed deposits with licensed banks	15	12,525,018	5,200,028	5,087,865	–
Cash and bank balances		26,022,799	9,854,677	1,355,878	493,528
		155,562,443	92,774,026	121,647,270	73,209,789
Total Assets		343,590,647	167,150,675	245,705,471	108,900,441

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Equity					
Share capital	16	79,942,133	49,339,000	79,942,133	49,339,000
Share premium	17	126,612,561	32,606,340	126,612,561	32,606,340
ESOS reserve	17	1,489,932	–	1,489,932	–
Foreign currency translation reserve	17	3,830,469	2,157,200	–	–
Retained profits/ (Accumulated losses)		36,182,393	19,837,523	849,932	(1,644,216)
Equity Attributable to owners of the parent		248,057,488	103,940,063	208,894,558	80,301,124
Non-controlling interests		7,488,979	6,919,844	–	–
Total Equity		255,546,467	110,859,907	208,894,558	80,301,124
Non-Current Liabilities					
Hire purchase payables	19	1,028,162	1,022,144	–	–
Bank borrowing	20	20,586,767	10,505,073	9,465,034	9,902,676
Deferred tax liabilities	21	4,590,348	1,179,988	–	33,000
		26,205,277	12,707,205	9,465,034	9,935,676
Current Liabilities					
Amount owing to contract customers	22	14,056	–	–	–
Trade payables	23	23,447,936	22,695,840	–	–
Other payables	24	13,013,648	12,189,245	328,261	893,198
Amount owing to subsidiaries	14	–	–	26,275,791	17,249,833
Amount owing to a Director	25	–	1,324,434	–	–
Hire purchase payables	19	220,608	217,149	–	–
Bank borrowings	20	17,060,426	3,754,659	472,635	405,710
Tax payables		8,082,229	3,402,236	269,192	114,900
		61,838,903	43,583,563	27,345,879	18,663,641
Total Liabilities		88,044,180	56,290,768	36,810,913	28,599,317
Total Equity and Liabilities		343,590,647	167,150,675	245,705,471	108,900,441

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 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	26	167,257,722	93,313,982	5,820,000	4,800,000
Cost of sales		(103,343,208)	(54,472,232)	–	–
Gross profit		63,914,514	38,841,750	5,820,000	4,800,000
Other income		8,355,192	3,168,812	6,596,353	3,792,832
Administrative expenses		(48,360,513)	(26,806,924)	(8,858,583)	(7,495,447)
Finance costs	27	(1,747,737)	(703,477)	(769,504)	(395,988)
Share of result of associates		(938,348)	(495,822)	–	–
Profit before taxation	28	21,223,108	14,004,339	2,788,266	701,397
Taxation	29	(6,698,861)	(3,134,364)	(294,118)	(45,000)
Net profit for the financial year		14,524,247	10,869,975	2,494,148	656,397
Other comprehensive income: Items that are or may be reclassified subsequently to profit or loss					
– Exchange translations differences for foreign operation		1,673,269	2,192,375	–	–
Other comprehensive income for the financial year		1,673,269	2,192,375	–	–
Total comprehensive income for the financial year		16,197,516	13,062,350	2,494,148	656,397
Net profit for the financial year attributable to:					
Owners of the parent		16,344,870	8,214,685	2,494,148	656,397
Non-controlling interests		(1,820,623)	2,655,290	–	–
		14,524,247	10,869,975	2,494,148	656,397
Total compresensive income attributable to:					
Owners of the parent		18,018,139	10,407,060	2,494,148	656,397
Non-controlling interests		(1,820,623)	2,655,290	–	–
		16,197,516	13,062,350	2,494,148	656,397
Earnings per share	30				
Basic earning per share (sen)		2.28	2.09		
Diluted earnings per share (sen)		2.27	2.09		

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2014

	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 2013	33,000,000	2,111,836	-	(35,175)	11,622,838	46,699,499	4,264,554	50,964,053
Foreign currency translation differences representing total other comprehensive income for the year	-	-	-	2,192,375	-	2,192,375	-	2,192,375
Net profit for the financial year	-	-	-	-	8,214,685	8,214,685	2,655,290	10,869,975
Total comprehensive income for the financial year	-	-	-	2,192,375	8,214,685	10,407,060	2,655,290	13,062,350
Transactions with owners:								
Acquisition of subsidiaries	13,039,000	26,078,000	-	-	-	39,117,000	-	39,117,000
Private placement	3,300,000	6,600,000	-	-	-	9,900,000	-	9,900,000
Share issuance expenses	-	(2,183,496)	-	-	-	(2,183,496)	-	(2,183,496)
Total transactions with owners	16,339,000	30,494,504	-	-	-	46,833,504	-	46,833,504
At 31 December 2013	49,339,000	32,606,340	-	2,157,200	19,837,523	103,940,063	6,919,844	110,859,907

Statements of Changes in Equity

For the Financial Year Ended 31 December 2014

	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 translations 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:								
Acquisition of subsidiaries	22,857,143	57,142,857	–	–	–	80,000,000	2,389,758	82,389,758
Private placement	7,200,000	36,000,000	–	–	–	43,200,000	–	43,200,000
Share option 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

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	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Company					
At 1 January 2013	33,000,000	2,111,836	–	(2,300,613)	32,811,223
Net profit for the financial year, representing total comprehensive income for the financial year	–	–	–	656,397	656,397
Transaction with owners:					
Acquisition of subsidiaries	13,039,000	26,078,000	–	–	39,117,000
Private placement	3,300,000	6,600,000	–	–	9,900,000
Share issuance expenses	–	(2,183,496)	–	–	(2,183,496)
Total transactions with owners	16,339,000	30,494,504	–	–	46,833,504
At 31 December 2013	49,339,000	32,606,340	–	(1,644,216)	80,301,124
At 1 January 2014	49,339,000	32,606,340	–	(1,644,216)	80,301,124
Net profit for the financial year, representing income for the financial year	–	–	–	2,494,148	2,494,148
Transaction with owners:					
Acquisition of subsidiaries	22,857,143	57,142,857	–	–	80,000,000
Private placement	7,200,000	36,000,000	–	–	43,200,000
Share option 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

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

Statements of Cash Flow

For the Financial Year Ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash Flows from Operating Activities				
Profit before taxation	21,223,108	14,004,339	2,788,266	701,397
Adjustments For:				
Amortisation of intangible assets	379,344	722,240	–	–
Amortisation of land use right	33,758	33,549	–	–
Depreciation of property, plant and equipment	8,618,807	1,825,886	780,956	559,532
Equity-settled share-based payment expense	1,817,526	–	1,817,526	–
Fair value adjustment on investment securities	(3,309,363)	96,515	(3,309,363)	96,515
Gain on disposal of property, plant and equipment	17,901	–	–	–
Impairment loss on:				
– Trade receivables	118,706	92,862	–	–
– Amounts owing by subsidiaries	–	–	–	3,215,714
– Investment in subsidiaries	–	–	–	1,306,297
Interest expense	1,747,737	703,477	769,504	395,988
Interest income	(181,556)	(116,460)	(122,271)	(13,332)
Property, plant and equipment written off	35,542	11,820	–	–
Reversal of impairment loss on:				
– Trade receivables	(72,234)	(1,547,444)	–	–
– Other receivables	–	(2,489)	–	–
– Amounts owing by subsidiaries	–	–	(172,355)	–
– Investment in subsidiaries	–	–	–	(3,000,000)
Share of results of associates	938,349	495,822	–	–
Waiver of amount due to trade payables	(437,587)	–	–	–
Operating profit before working capital changes	30,930,038	16,320,117	2,552,263	3,262,111
Changes in working capital:				
Inventories	(5,154,704)	(3,390,416)	–	–
Receivables	(19,096,739)	(25,124,610)	(4,089,126)	(2,522,166)
Payables	(14,785,288)	12,323,222	(564,937)	554,481
Amount due to contract customers	14,056	–	–	–
Amounts owing by/to subsidiaries	–	–	(29,199,827)	(928,319)
Amounts owing by/to Director	(1,609,116)	(620,958)	–	–
	(40,631,791)	(16,812,762)	(33,853,890)	(2,896,004)
Cash used in operation	(9,701,753)	(492,645)	(31,301,627)	366,107
Interest received	181,556	116,460	122,271	13,332
Interest paid	(1,632,110)	(703,477)	(769,504)	(395,988)
Tax refunded	7,646	–	–	–
Tax paid	(4,798,442)	(814,334)	(172,826)	(28,253)
Net cash used in operating activities	(15,943,103)	(1,893,996)	(32,121,686)	(44,802)

		Group		Company	
		2014	2013	2014	2013
		RM	RM	RM	RM
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	4(c)	(20,796,821)	(17,338,407)	(889,142)	(15,320,722)
Proceeds from disposal of property, plant and equipment		479,157	1	–	–
Proceed from disposal of associate		–	1	–	1
Investment in associates		(255,135)	-	–	–
Addition of other investments		(160,000)	(10,000)	(150,000)	–
Investment in subsidiaries		–	–	–	(250,000)
Net cash flow arising from acquisition of subsidiaries	5(b)	(2,495,408)	1,404,807	–	–
Addition of:					
– Intangible assets		(515,258)	(2,476,316)	–	–
– Land use right		–	(56,915)	–	–
Investment in securities		–	(2,563,702)	(4,800,000)	(2,563,702)
Net cash used in investing activities		(23,743,465)	(21,040,531)	(5,839,142)	(18,134,423)
Cash Flows from Financing Activities					
Drawdown of term loans		12,844,115	10,991,059	–	10,500,000
Repayment of term loans		(3,494,053)	(643,756)	(370,717)	(191,614)
Repayment of hire purchase payables		(144,828)	(121,462)	–	–
Changes in letter of credit or trust receipts		8,503,123	–	–	–
Private placement		43,200,000	9,900,000	43,200,000	9,900,000
Proceeds from exercise of employee share options		1,081,760	–	1,081,760	–
Proceeds from issuance of shares		300,000	–	–	–
Utilisation of share premium for share issuance expenses		–	(2,183,496)	–	(2,183,496)
(Increased)/decreased in fixed deposits pledge to licensed banks		(6,434,131)	(566,411)	(5,087,865)	–
Net cash generated from financing activities		55,855,986	17,375,934	38,823,178	18,024,890

Statements of Cash Flow

For the Financial Year Ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Net increase/(decrease) in cash and cash equivalents	16,169,418	(5,558,593)	862,350	(154,335)
Effect of exchange rate fluctuations	1,673,269	2,192,375	–	–
Cash and cash equivalents at begining of the financial year	11,914,219	15,280,437	493,528	647,863
Cash and cash equivalents at end of the financial year	29,756,906	11,914,219	1,355,878	493,528
Cash and cash equivalents at end of the financial year comprise:				
Cash and bank balances	26,022,799	9,854,677	1,355,878	493,528
Fixed deposits with licensed banks	12,525,018	5,200,028	5,087,865	–
Bank Overdraft	(320,902)	(783,706)	–	–
	38,547,817	14,270,999	6,443,743	493,528
Less: Fixed deposits pledged with licensed banks	(8,790,911)	(2,356,780)	(5,087,865)	–
	29,756,906	11,914,219	1,355,878	493,528

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

Notes to 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 Industraial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. 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.

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 and IC interpretation

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

Amendments to MFRS 10 MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

2. BASIS OF PREPARATION (CONT'D)

a) Statement of Compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendment 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
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle		1 July 2014
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 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 Statement	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customer	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and 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*.

2. BASIS OF PREPARATION (CONT'D)

a) Statement of Compliance (cont'd)

Standards issued but not yet effective (cont'd)

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 not recycling. 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 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 standard 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.

b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values have been rounded to the nearest RM except when otherwise stated.

c) Significant accounting judgments, 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.

2. BASIS OF PREPARATION (CONT'D)

c) Significant accounting judgments, estimates and assumptions (cont'd)

i) Judgments

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

ii) 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

The Group regularly review 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. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to the financial statements.

Impairment of property, plant and equipment

The Group assesses whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The impairment assessment on property, plant and equipment are disclosed in Note 4 to the financial statements.

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 impairment assessment of goodwill is disclosed in Note 8 to the financial statements.

2. BASIS OF PREPARATION (CONT'D)

c) Significant accounting judgments, estimates and assumptions (cont'd)

ii) Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiary companies

The Company has recognised impairment loss in respect of its investments in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investments in subsidiary companies belong to. 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 subsidiary companies is disclosed in Note 5 to the financial statements.

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 12, 13 and 14 to the financial statements.

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 require 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 18 to the financial statements.

Construction Contracts

The Group recognises construction contracts revenue and expenses in statements of profit or loss based on stage of completion method. Revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group assesses the profitability of on-going construction contracts and the order backlog at least monthly, using project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. Details of construction contracts costs are disclosed in Notes 23 to the financial statements.

2. BASIS OF PREPARATION (CONT'D)

c) Significant accounting judgments, estimates and assumptions (cont'd)

ii) Key sources of estimation uncertainty (cont'd)

Income taxes

Judgment 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 expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 30 to the financial statements.

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

Subsidiary companies 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. Subsidiary companies 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation (cont'd)

i) Subsidiaries (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement* either in profit or loss or other comprehensive income. 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 subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies 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 subsidiary companies 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 company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of consolidation (cont'd)

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 company 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

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.

On acquisition of an investment in an associate, 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 is equity accounted for from the date on which the investee becomes an associate. 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 after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The financial statements of the associates 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Investments in associates (cont'd)

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 assets, 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 upon loss of significant influence 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 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 off 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

i) Recognition and measurement (cont'd)

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 statements of comprehensive income 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

Freehold buildings	33 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 financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the 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, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Leases (cont'd)

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.

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

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Intangible assets (cont'd)

i) Internally-generated intangible assets – Research and Development Costs (cont'd)

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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

g) **Financial assets (cont'd)**

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 and 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.

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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Financial assets (cont'd)

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 that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. 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 following categories:

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Financial Liabilities (cont'd)

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

ii) Other financial liabilities measured at amortised cost

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

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

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.

iii) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use right are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

k) Inventories

Raw materials, 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.

l) Construction contract

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 the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

l) **Construction contract (cont'd)**

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.

m) **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, if any.

n) **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.

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 to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units).

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)**

n) 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.

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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Impairment of assets (cont'd)

ii) Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

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.

o) Share capital

i) Ordinary shares

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.

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

ii) Distribution of non-cash assets to owners of the Company

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

p) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Provisions (cont'd)

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 statement of profit or loss and comprehensive income net of any reimbursement.

q) Employee benefits

i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q) Employee benefits (cont'd)

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.

r) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Revenue (cont'd)

iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

v) 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.

vi) Interest income

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

vii) Management fee

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

s) 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.

t) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Income taxes (cont'd)

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, except for investment properties carried at fair value model.

Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. 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.

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

u) 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.

v) 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

	Leasehold Properties and Industrial Land RM	Freehold Building 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	4,698,164	15,700,954	517,686	2,337,287	5,405,727	3,461,415	4,868,244	2,937,683	39,927,160
Additions	915,310	600,000	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	7,787,986	16,300,954	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	527,445	96,457	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	194,284	180,914	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	799,497	277,371	688,159	1,874,472	19,156,063	2,516,150	3,098,609	2,424,140	30,834,461
Carrying amount									
At 31 December 2014	6,988,489	16,023,583	695,695	1,036,315	37,411,397	1,328,193	4,803,780	801,355	69,088,807

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold Properties and Industrial Land RM	Freehold Building RM	Furniture and Fittings RM	Office Equipment RM	Machinery and Equipment RM	Motor Vehicles RM	Renovation RM	Computers and Software RM	Total RM
Group									
2013									
At cost									
At 1 January 2013	2,723,937	–	511,155	318,316	4,037,012	2,188,286	2,179,743	1,937,303	13,895,752
Additions	1,046,492	15,700,954	3,520	27,960	395,891	511,660	2,583,458	620,552	20,890,487
Acquisition through business combination	680,000	–	2,180	1,920,831	679,717	1,041,586	113,025	366,549	4,803,888
Disposals	–	–	–	–	–	(335,727)	–	–	(335,727)
Written off	(2,112)	–	–	–	–	–	(11,000)	–	(13,112)
Effects of movement in exchange rates	249,847	–	831	70,180	293,107	55,610	3,018	13,279	685,872
At 31 December 2013	4,698,164	15,700,954	517,686	2,337,287	5,405,727	3,461,415	4,868,244	2,937,683	39,927,160
Accumulated depreciation									
At 1 January 2013	353,596	–	445,491	272,583	2,476,658	1,241,811	861,039	1,693,984	7,345,162
Charge for the financial year	132,579	96,457	16,192	44,012	517,452	290,398	537,705	191,091	1,825,886
Acquisition through business combination	5,666	–	2,071	1,228,223	524,909	664,942	22,344	270,089	2,718,244
Disposals	–	–	–	–	–	(335,726)	–	–	(335,726)
Written off	(467)	–	–	–	–	–	(825)	–	(1,292)
Effects of movement in exchange rates	36,071	–	831	44,284	172,550	21,624	739	9,837	285,936
At 31 December 2013	527,445	96,457	464,585	1,589,102	3,691,569	1,883,049	1,421,002	2,165,001	11,838,210
Carrying amount									
At 31 December 2013	4,170,719	15,604,497	53,101	748,185	1,714,158	1,578,366	3,447,242	772,682	28,088,950

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Lease Industrial Land RM	Freehold Building RM	Renovation RM	Computers and Software RM	Office Equipment RM	Furniture and Fittings RM	Total RM
Company							
2014							
At cost							
At 1 January 2014	842,459	15,700,954	2,361,354	363,041	23,900	22,630	19,314,338
Additions	–	600,000	113,800	52,107	70,680	52,555	889,142
At 31 December 2014	842,459	16,300,954	2,475,154	415,148	94,580	75,185	20,203,480
Accumulated depreciation							
At 1 January 2014	34,339	96,457	447,144	224,491	1,535	2,820	806,786
Charge for the financial year	8,510	180,914	480,314	98,104	7,343	5,771	780,956
At 31 December 2014	42,849	277,371	927,458	322,595	8,878	8,591	1,587,742
Carrying amount							
At 31 December 2014	799,610	16,023,583	1,547,696	92,553	85,702	66,594	18,615,738

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Lease Industrial Land RM	Freehold Building RM	Renovation RM	Computers and Software RM	Office Equipment RM	Furniture and Fittings RM	Total RM
Company							
2013							
At cost							
At 1 January 2013	391,959	–	267,449	309,678	3,900	20,630	993,616
Additions	450,500	15,700,954	2,093,905	53,363	20,000	20,000	18,320,722
At 31 December 2013	842,459	15,700,954	2,361,354	363,041	23,900	22,630	19,314,338
Accumulated depreciation							
At 1 January 2013	28,738	–	75,908	140,866	715	1,027	247,254
Charge for the financial year	5,601	96,457	371,236	83,625	820	1,793	559,532
At 31 December 2013	34,339	96,457	447,144	224,491	1,535	2,820	806,786
Carrying amount							
At 31 December 2013	808,120	15,604,497	1,914,210	138,550	22,365	19,810	18,507,552

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 20 to the financial statements are:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold building	16,023,583	15,604,497	16,023,583	15,604,497
Leasehold properties and industrial land	2,591,910	1,898,638	799,610	808,120
	18,615,493	17,503,135	16,823,193	16,412,617

b) The remaining lease period of the leasehold properties and industrial land of the Group are 53 (2013: 54) years and 91 (2013: 92) years, which are expired on 2067 and 2105, respectively.

c) Assets held under finance leases

During the financial year, the aggregate costs for the property, plant and equipment of the Group and of the Company acquired by means of finance lease are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Aggregate costs	20,890,321	20,890,487	889,142	18,320,722
Less: Hire purchase financing	(93,500)	(552,080)	–	–
Deposit paid in prior year	–	(3,000,000)	–	(3,000,000)
Cash outflows	20,796,821	17,338,407	889,142	15,320,722

As at 31 December 2014, the carrying amounts of leased assets are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Motor vehicles	1,010,402	954,817	–	–

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	RM	RM
In Malaysia:		
At cost		
Unquoted shares	106,775,002	21,975,002
Less: Accumulated impairment losses	(18,306,295)	(18,306,295)
	88,468,707	3,668,707
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
Less: Accumulated impairment losses	–	–
	10,047,206	10,047,206
	98,515,913	13,715,913

Movements in impairment on investments in subsidiaries during the financial year are as follow:

	Company	
	RM	RM
At 1 January	18,306,295	20,000,000
Impairment loss recognised	–	1,306,295
Reversal of impairment loss	–	(3,000,000)
At 31 December	18,306,295	18,306,295

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	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)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2014 %	2013 %	Principal Activities
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
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	Australia	100	100	Dormant
Destini HRTC Sdn Bhd	Malaysia	100	100	Intended to provide training and education consultancy services
Destini Armada Pte Ltd*	Singapore	100	100	Investment holding

5. **INVESTMENTS IN SUBSIDIARIES (CONT'D)**

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

Name of Company	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
Samudra Oil Services Sdn Bhd	Malaysia	100	–	Provision of tubular handling and running services
Detrac Sdn Bhd	Malaysia	70	–	Intended to provide 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	–	Provides extrusion and recycling of waste tires for the production of carbon black, diesel fuel, and scrap metal
Held through Destini Prima Sdn Bhd:				
Satang Aviation Sdn Bhd	Malaysia	100	100	Maintenance, repairs and overhaul of safety and survival equipment
Satang Environmental Sdn Bhd	Malaysia	100	100	Supplying and distribution of environment products, providing training and seminar in respect of Environmental Management System and other related services
Destini First Sdn Bhd (formerly known as Satang Dagangan Sdn Bhd)	Malaysia	100	100	Supplying of defence and aviation equipment and 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 2014 %	Effective Equity Interest 2013 %	Principal Activities
Held through Destini Prima Sdn Bhd: (cont'd)				
Satang-ICS Global Sdn Bhd	Malaysia	51	51	Supplying and servicing of pipe cleaning products and equipments
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 interest through Destini Armada Pte Ltd:				
Vanguard Composite Engineering Pte Ltd*	Singapore	51	51	Importer, exporter and manufacturing of lifeboats 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	51	51	Development and sale of Self-Propelled Hyperbaric Lifeboat ("SPHLB") and life saving appliances
Vanguard Nantong FRP Co Ltd*	People Republic of China	51	51	Manufacturing of lifeboats and life saving appliances

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2014 %	2013 %	Principal Activities
Held through Vanguard Composite Engineering Pte Ltd: (cont'd)				
Vanguard Safety Technology Sdn Bhd	Malaysia	51	51	Supplying marine related lifesaving equipment, parts and accessories
Held through TF Corp Pte Ltd:				
Techno Fibre Australia Pty Ltd*	Australia	100	100	MRO services and testing of 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	MRO and testing of lifeboats and davits

** Subsidiaries not audited by UHY*

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

a) Material partly-owned subsidiaries

Set out below are the Group's subsidiary companies 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	
	2014 %	2013 %	2014 RM	2013 RM	2014 RM	2013 RM
Vanguard Group*	49	49	(1,190,931)	2,657,107	5,731,719	6,922,650
Detrac Sdn Bhd	30	–	194,289	–	194,289	–
Green Pluslink Sdn Bhd	48.1	–	(823,981)	–	(823,981)	–
Acquisition of subsidiaries					2,389,757	–
Individually immaterial subsidiaries with non-controlling interests					(2,805)	(2,806)
Total non-controlling interests					7,488,979	6,919,844

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

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Summarised financial information for the subsidiary that has non-controlling interest that is 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	
	2014	2013	2014	2013	2014	2013
	RM	RM	RM	RM	RM	RM
Summarised statements of financial position						
Non-current assets	11,223,772	11,303,526	270,887	–	9,124,311	–
Current assets	36,603,935	35,263,661	1,967,279	–	3,075,117	–
Non-current liabilities	–	–	–	–	(3,069,340)	–
Current liabilities	(35,106,439)	(32,439,330)	(590,536)	–	(6,496,451)	–
Net assets/(liabilities)	12,721,268	14,127,857	1,647,630	–	2,633,637	–
Summarised statements of profit or loss and other comprehensive income						
Revenue	22,919,912	41,157,244	994,000	–	402,649	–
Net (loss)/profit for the financial year	(2,430,471)	5,384,797	647,630	–	(1,713,058)	–
Other comprehensive income for the year	2,779,055	342,853	–	–	–	–
Comprehensive (loss)/income for the financial year	348,584	5,727,650	647,630	–	(1,713,058)	–
Summarised statements of cash flows						
Net cash from/(used in) operating activities	(514,514)	(627,621)	368,648	–	250,232	–
Net cash used in investing activities	(1,328,077)	(1,091,884)	(285,267)	–	(3,151,577)	–
Net cash used in financing activities	4,491,528	2,379,297	1,000,000	–	3,930,557	–
Net increase in cash and cash equivalents	2,648,937	659,793	1,083,381	–	1,029,212	–

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

b) Acquisition of subsidiary companies

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 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 RM1.00 each in GPSB from the Vendor for the total purchase 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, the recognised amounts of assets acquired and liabilities assumed, and cash (inflow)/outflow arising at the acquisition date:

Fair value of consideration transferred

	2014 **RM**
Cash consideration	4,100,000
Equity instruments issued	80,000,000
	84,100,000
Less: Fair value of equity interest held by the Group immediately before the acquisition	–
Total consideration transferred	84,100,000

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

b) Acquisition of subsidiary companies (cont'd)

Fair value of identifiable assets acquired and liabilities assumed

	2014 RM
Property, plant and equipment	29,127,966
Inventories	1,957,856
Trade and other receivables	11,720,711
Cash and bank balances	1,604,592
Trade and other payables	(13,773,545)
Hire purchase payables	–
Bank borrowings	(8,082,640)
Tax payable	(2,090,876)
Deferred tax liabilities	(3,276,258)
Total identifiable net assets	17,187,806

Net cash outflow arising from acquisition of subsidiaries

	2014 RM
Purchase consideration settled in cash	(4,100,000)
Cash and cash equivalents of subsidiaries acquired	1,604,592
	(2,495,408)

Goodwill arising from business combination

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

	2014 RM
Fair value of consideration transferred via:	
– Ordinary shares	80,000,000
– Cash	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
Fair value of identifiable assets acquired and liabilities assumed Goodwill	(17,187,806)
	69,001,951

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	
	2014 RM	2013 RM	2014 RM	2013 RM
In Malaysia:				
At cost				
Unquoted shares	1,255,135	1,000,000	1,000,000	1,000,000
Share of post acquisition reserve	(1,255,135)	(316,786)	–	–
	–	683,214	1,000,000	1,000,000
Less: Accumulated impairment losses	–	–	–	–
	–	683,214	1,000,000	1,000,000

Movement in impairment losses on investment in associates during the financial year is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	–	29,999	–	29,999
Reversal	–	(29,999)	–	(29,999)
At 31 December	–	–	–	–

Details of the associates are as follows:

Name of company	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
System Enhancement Resources & Technologies Sdn Bhd*	Malaysia	50	50	Supplying, servicing and up keeping army vehicles, buses and supplying GPS devices
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services LLC*	Emirates of Abu Dhabi	49	–	Dormant

** Associates not audited by UHY*

On 12 December 2014, Samudra Oil Services Sdn Bhd acquired 49 ordinary shares of AED5,000 each in Emirates Kejuretaraan Samudra Timur Berhad Petroleum Services LLC for a cash consideration of USD73,000. Following of the acquisition, Samudra Oil Services Sdn Bhd hold 49% of equity interest in Emirates Kejuretaraan Samudra Timur Berhad Petroleum Services LLC.

6. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised financial information of the Group's material associates, System Enhancement Resources & Technologies Sdn Bhd ("SERT") and Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services LLC ("EKSTB"), 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.

	SERT		EKSTB	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Summarised statements of financial position				
Non-current assets	850,302	975,131	–	–
Current assets	7,182,688	5,777,301	498,822	–
Non-current liabilities	(128,875)	(159,943)	–	–
Current liabilities	(6,253,541)	(2,968,219)	(2,483,613)	–
Net assets	1,650,574	3,624,270	(1,984,791)	–
Interest in associate	50%	50%	49%	–
Group's share of net assets	825,287	1,812,135	(972,548)	–
Carrying value of the Group's interest in associate	825,287	1,812,135	(972,548)	–
Summarised statements of profit or loss and other comprehensive income				
Revenue	5,302,273	3,596,913	–	–
Net (loss)/profit for the financial year	(1,973,696)	(991,645)	(2,303,678)	–
Other comprehensive income for the year	–	–	–	–
Comprehensive (loss)/income for the financial year	(1,973,696)	(991,645)	(2,303,678)	–

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends.

7. INVESTMENT IN SECURITIES

	Group and Company	
	2014	**2013**
	RM	**RM**
Financial assets at fair value through profit or loss		
Quoted securities at fair value		
– Quoted shares in Malaysia, at cost	2,563,702	2,563,702
Fair value adjustments	3,212,848	(96,515)
	5,776,550	2,467,187

8. INTANGIBLE ASSETS

	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 foreign 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
Charge out to profit or loss	–	–	–	379,344	379,344
Effects of foreign 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
2013					
At cost					
At 1 January 2013	–	-	6,746,994	4,753,945	11,500,939
Additions	–	-	–	2,476,316	2,476,316
Effects of foreign exchange rates	–	-	–	133,721	133,721
Acquisition through business combination	1,617,000	27,379,482	–	–	28,996,482
At 31 December 2013	1,617,000	27,379,482	6,746,994	7,363,982	43,107,458
Accumulated amortisation					
At 1 January 2013	–	–	–	903,310	903,310
Charge out to profit or loss	–	–	–	722,240	722,240
Effects of foreign exchange rates	–	–	–	73,709	73,709
At 31 December 2013	–	–	–	1,699,259	1,699,259
Carrying amount					
At 31 December 2013	1,617,000	27,379,482	6,746,994	5,664,723	41,408,199

8. INTANGIBLE ASSETS (CONT'D)

Description of the intangible assets

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.

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 5 years.

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 acquiree 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").

For the purpose of impairment testing, the recoverable amount of product technology has been determined using the income approach which recognises that the current value of the asset is premised on the expected receipt of future economic benefits generated over its remaining life. There is no impairment loss incurred on the intangible assets during the current year.

Key assumptions made in determining the value-in-use are as follow:

i) Cash flows were projected based on assumptions that the subsidiary is able to enjoy its pricing advantage for two years (years 2013 and 2014) before the next launch of hyperbaric life boasts by other potential competitors. Consequently, an obsolescence factor of approximately 11% for revenue beyond year 2014 to account for the effective age of the product technology and the decreasing likelihood of the subsidiary being able to enjoy the pricing advantage and to secure revenue due to increased market competition.

ii) The discount rate applied to the cash flows projections of 28% is derived from the weighted average cost of capital of the Group's hyperbaric lifeboat business comparable to the companies in the ship and boat building industry plus a reasonable risk premium.

iii) No contributory asset charge was considered separately.

The key assumptions represent management's assessment of future trends in the ship and boat building industry and are based on both external sources and internal sources.

Impairment loss review of product technology

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

8. INTANGIBLE ASSETS (CONT'D)

Impairment loss review of brand

For the purpose of impairment testing, brand has been allocated to the Group's cash generating unit ("CGU") which was identified by the Group by its subsidiaries. The recoverable amounts of the CGUs have been determined based on income approach known as the Relief-From-Royalty method ("RFR") using cash-flow projections from financial budgets approved by management covering a five-year period. RFR method recognises that because the owner owns the brand rather than licensing them, the present value of the after tax cost saving at an appropriate discount rate indicates the value of the brand. There is no impairment loss incurred on the intangible assets during the current year.

Key assumptions made in determining the value-in-use are as follow:

i) The estimated fair royalty rate used was at approximately 3.0%. The royalty rate was obtained from Royalty Source Intellectual Property Database;

ii) The brand name is estimated to have a remaining useful life of 15 years assuming without significant changes in investment support and marketing plans; and

iii) The cash flow attributable to brands was discounted to present value using the respective Weighted Average Cost of Capital ("WACC") for each Techno Fibre Companies plus a 2% premium. This increment was added to reflect the higher rate of return an investor would demand than the Techno Fibre's overall weighted average portfolio of assets.

With regards to the assessments of RFR of the brand, 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 its recoverable amount except for the changes in prevailing operating environment which is not ascertainable.

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	
	2014	**2013**
	RM	**RM**
Technofibre International Sdn Bhd	–	2,411,262
Techno Fibre (S) Pte Ltd	–	10,515,089
Techno Fibre Middle East Marine Services FZE	–	14,214,240
Techno Fibre Australia Pty Ltd	–	238,891
Samudra Oil Services Sdn Bhd	67,158,888	–
Green Pluslink Sdn Bhd	1,843,063	–
	69,001,951	27,379,482

8. INTANGIBLE ASSETS (CONT'D)

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

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 3% to 5% per annum;

iii) Expenses were projected at annual increase of approximately 5% to 6% per annum; and

iv) A pre-tax discount rate of 16% to 17% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of individual unit.

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.

9. LAND USE RIGHT

	Group	
	2014	**2013**
	RM	**RM**
At cost		
At 1 January	1,723,585	1,560,335
Addition	–	56,915
Effects of movement in exchange rates	68,721	106,335
At 31 December	1,792,306	1,723,585
Accumulated depreciation		
At 1 January	114,486	72,434
Charge for the financial year	33,758	33,549
Effects of movement in exchange rates	6,651	8,503
At 31 December	154,895	114,486
Carrying amount		
At 31 December	1,637,411	1,609,099

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 44 (2013: 45 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 20.

10. OTHER INVESTMENT

	Group	
	2014 RM	2013 RM
Availiable-for-sale financial assets		
Golf club membership	280,000	120,000

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

11. INVENTORIES

	Group	
	2014 RM	2013 RM
At cost		
Spare parts and consumables	3,206,985	211,855
Raw material	2,823,339	1,700,206
Work-in-progress	4,147,867	3,925,191
Finished goods	5,620,665	2,849,044
	15,798,856	8,686,296

12. TRADE RECEIVABLES

	Group	
	2014 RM	2013 RM
Trade receivables:		
– Third parties	70,622,028	53,056,391
– Related party	–	–
	70,622,028	53,056,391
Less: Accumulated impairment losses	(2,217,457)	(2,675,874)
	68,404,571	50,380,517

12. TRADE RECEIVABLES (CONT'D)

The Group's normal trade credit terms range from 30 to 90 days (2013: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in impairment on trade receivables during the financial year are as follows:

	Group	
	2014 RM	**2013 RM**
At beginning of financial year	2,656,021	5,019,306
Addition	118,706	92,862
Reversal	(72,234)	(1,547,444)
Written off	(485,036)	(888,850)
At end of financial year	2,217,457	2,675,874

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

	Group	
	2014 RM	**2013 RM**
Neither past due nor impaired	34,905,594	16,404,045
Past due not impaired:		
Less than 30 days	11,193,937	12,023,414
31 to 90 days	2,340,140	6,670,114
91 to 180 days	19,964,900	15,282,944
	68,404,571	50,380,517
Impaired	2,217,457	2,675,874
	70,622,028	53,056,391

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.

At end of financial year, the highest percentage of concentration of Group's net trade receivables was 14% (2013: 14%) from Tentera Udara Diraja Malaysia.

13. OTHER RECEIVABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Other receivables	10,196,162	6,859,047	4,510,336	2,396,806
Deposits				
– Suppliers (Trade)	5,512,520	7,914,082	–	–
– Others (Non-trade)	11,851,545	3,067,499	3,709,050	1,751,253
	17,364,065	10,981,581	3,709,050	1,751,253
Prepayments	4,967,413	1,602,555	82,022	64,223
	32,527,640	19,443,183	8,301,408	4,212,282
Less: Accumulated impairment losses	(1,817,795)	(1,817,795)	(300,098)	(300,098)
	30,709,845	17,625,388	8,001,310	3,912,184

Movements in impairment on other receivables during the financial year are as follows:

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
At beginning of financial year	1,817,795	1,820,284	300,098	300,098
Reversal	–	(2,489)	–	–
At end of the financial year	1,817,795	1,817,795	300,098	300,098

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Amounts owing by subsidiaries	122,673,806	84,448,021
Less: Accumulated impairment losses	(15,471,589)	(15,643,944)
	107,202,217	68,804,077
Amounts owing to subsidiaries	(26,275,791)	(17,249,833)

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

Movements in impairment on amounts owing by subsidiaries during the financial year are as follows:

	Company	
	2014 RM	2013 RM
At the beginning of the year	15,643,944	12,428,230
Impairment recognised	–	3,215,714
Reversals	(172,355)	–
At the end of the financial year	15,471,589	15,643,944

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

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group of RM8,790,911 (2013: RM2,356,780) have been pledged to licensed banks as securities for banking facilities granted to subsidiary as disclosed in Note 19.

The interest rates of deposits during the financial year range from 3.05% to 3.35% (2013: 3.05% to 3.35%) per annum and the maturities of deposits are 30 to 365 days (2013: 30 to 365 days) respectively.

16. SHARE CAPITAL

	Group and Company Ordinary Shares of RM0.10 Each		Group and Company Amount	
	2014 Unit	2013 Unit	2014 Unit	2013 Unit
Authorised:				
At beginning of financial year	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Created during the year	500,000,000	–	50,000,000	–
At end of financial year	1,500,000,000	1,000,000,000	150,000,000	100,000,000
Issued and fully paid:				
At beginning of financial year	493,390,000	330,000,000	49,339,000	33,000,000
Issuance of shares of RM0.10 each:				
– acquisition of subsidiaries	228,571,428	130,390,000	22,857,143	13,039,000
– private placement	72,000,000	33,000,000	7,200,000	3,300,000
– Share options	5,459,900	–	545,990	–
At end of financial year	799,421,328	493,390,000	79,942,133	49,339,000

16. SHARE CAPITAL (CONT'D)

During the financial year the Company increased its:

i) Authorised share capital from RM100,000,000 to RM150,000,000 through creation of 50,000,000 shares of RM0.10 each; and

ii) Issued and paid-up ordinary share capital from RM49,339,000 to RM79,942,133 by way of:
   a) the issuance of 72,000,000 ordinary shares of RM0.10 each through Private Placement at an issue price of RM0.60 per ordinary shares for cash to fund the Group's future business expansion plans;
   b) the issuance of 228,571,428 ordinary shares of RM0.10 each at an issue price of RM0.35 per ordinary share as consideration for the acquisition of the entire issued and paid-up capital of Samudra Oil Services Sdn Bhd; and
   c) the issuance of 5,459,900 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 to fund the Group's future business expansion plans.

The new ordinary shares issued during the financial year ranked 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.

17. RESERVES

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

i) Share premium

	Group and Company	
	2014	**2013**
	RM	**RM**
At 1 January	32,606,340	2,111,836
Private placement	36,000,000	6,600,000
Shares issued for the acquisition of subsidiaries	57,142,857	26,078,000
Share options	863,364	–
Share issuance expenses	–	(2,183,496)
At 31 December	126,612,561	32,606,340

This relates to the premium paid on subscription of share in the Company over and above the par value of the shares. During the financial year, share premium of Nil (2013: RM2,183,496) had been used to absorb the share issue costs arising from the issuance of ordinary shares.

17. RESERVES (CONT'D)

The nature of reserve of the Group and of the Company is as follow: (cont'd)

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.

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 18.

18. 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.

18. EMPLOYEES SHARE OPTION SCHEME ("ESOS") RESERVE (CONT'D)

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

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.
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:

	2014	
	Number of Share Option	**Weighted Average Exercise Price RM**
Group		
At 1 January	–	–
Granted during the financial year	30,292,100	0.53
Exercised during the financial year	(5,459,900)	0.53
At 31 December	24,832,200	0.53

During the financial year, 5,459,900 shares options were exercised. The weighted average share price at the date of exercise for the year was RM0.53.

The options outstanding at 31 December 2014 have an exercise price of RM0.53 and a weighted average contractual live of 4.29 years.

18. EMPLOYEES SHARE OPTION SCHEME ("ESOS") RESERVE (CONT'D)

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:

	Number of Share Option	
	2014	**2013**
	RM	**RM**
Weighted average fair value at grant date	0.06	–
Weighted average share price at grant date	0.59	–
Weighted average volatility (%)	8.38	–
Expected weighted average option life (years)	1	–
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:

	2014	**2013**
	RM	**RM**
At 1 January	–	–
Granted	12,995,300	–
Exercised	(500,000)	–
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.

19. HIRE PURCHASE PAYABLES

	Group 2014 RM	Group 2013 RM
Minimum hire purchase payments:		
Payable within one year	279,066	273,503
Payable between one and five years	915,655	761,199
Payable more than five years	250,251	422,449
	1,444,972	1,457,151
Less: Future finance charges	(196,202)	(217,858)
Present value of hire purchase liabilities	1,248,770	1,239,293
Present value of hire purchase liabilities:		
Repayable within one year	220,608	217,149
Repayable between one and five years	787,611	660,188
Repayable more than five years	240,551	361,956
	1,248,770	1,239,293
Analysed as:		
Repayable within twelve months	220,608	217,149
Repayable after twelve months	1,028,162	1,022,144
	1,248,770	1,239,293

The hire purchase liabilities interests are charged at rates ranging from 2.38% to 8.29% (2013: 2.38% to 8.29%) per annum.

20. BANK BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Secured				
Bank overdrafts	320,902	783,706	–	–
Letter of credit	2,859,371	–	–	–
Trust receipts	5,643,752	–	–	–
Term loan I	–	1,084,936	–	–
Term loan II	–	542,468	–	–
Term loan III	–	271,234	–	–
Term loan IV	740,200	923,451	–	–
Term loan V	236,068	345,551	–	–
Term loan VI	9,937,669	10,308,386	9,937,669	10,308,386
Term loan VII	5,611,264	–	–	–
Term loan VIII	1,692,291	–	–	–
Term loan IX	282,049	–	–	–
Term loan X	10,323,627	–	–	–
Total bank borrowings	37,647,193	14,259,732	9,937,669	10,308,386
Analysed as:				
Repayable within twelve months				
Bank overdrafts	320,902	783,706	–	–
Letter of credit	2,859,371	–	–	–
Trust receipts	5,643,752	–	–	–
Term loan I	–	1,084,936	–	–
Term loan II	–	542,468	–	–
Term loan III	–	271,234	–	–
Term loan IV	354,187	557,123	–	–
Term loan V	109,482	109,482	–	–
Term loan VI	472,635	405,710	472,635	405,710
Term loan VII	2,658,130	–	–	–
Term loan VIII	1,692,291	–	–	–
Term loan IX	282,049	–	–	–
Term loan X	2,667,627	–	–	–
	17,060,426	3,754,659	472,635	405,710
Repayable after twelve months				
Term loan IV	386,013	366,328	–	–
Term loan V	126,586	236,069	–	–
Term loan VI	9,465,034	9,902,676	9,465,034	9,902,676
Term loan VII	2,953,134	–	–	–
Term loan X	7,656,000	–	–	–
	20,586,767	10,505,073	9,465,034	9,902,676
Total	37,647,193	14,259,732	9,937,669	10,308,386

20. BANK BORROWINGS (CONT'D)

Term loan I, II and III
The term loans consist of:

a) Term loan V: CNY2,000,000 (RM1,084,936) with fixed rate of 7.8% for period of 11 month from 3 September 2013 to 2 August 2014;

b) Term loan VI: CNY1,000,000 (RM542,468) with fixed rate of 7.8% for period of 11 month from 25 September 2013 to 24 August 2014; and

c) Term loan VII: CNY500,000 (RM271,234) with fixed rate of 7.8% for period of 11 month from 24 July 2013 to 23 June 2014.

All the above term loans are secured by the charge over the land use right and leasehold property of the subsidiary in PRC. Theses term loans were fully settled during the financial year.

Term loan IV
The term loans consist of:

a) The balances of Business Money Facility loans of S$135,000 (RM397,305) obtained in June 2013 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 2013 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%;

c) The balances of Biz Power Term Loan of S$111,000 (RM287,967) obtained in January 2013 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%.

20. BANK BORROWINGS (CONT'D)

Term loan V
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 2013.

The term loan of RM300,000 is jointly and severally guaranteed by all the 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 all the Directors of the Company.

Term loan VI
The term loan is secured by way of a first legal charged on the property. Interest charged on the facility at BFR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan VII
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 VIII and IX
During the financial year, the subsidiary in People's Republic of China ("PRC") had obtained term loans for working capital purpose:

a) Term loan VIII: S$639,300 (RM1,692,291) with fixed rate 6.0% for period of 8 months from July 2014 to March 2015.

b) Term loan IX: S$106,550 (RM282,049) with fixed rate 6.0% for period of 9 months from Jun 2014 to March 2015.

20. BANK BORROWINGS (CONT'D)

Term loan VIII and IX (cont'd)
All the above term loans are secured by the charge over the land use right and leasehold property of the subsidiary in PRC.

Term loan X
During the financial year, the subsidiary of the Company, Samudra Oil Services Sdn Bhd, had obtained term loans for working capital purposes. 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 holding company

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 the Directors in their personal capacities.

Letter of Credit
Interest at BLR plus 2.25% per annum repayable by 180 days and guaranteed by the Company.

Trust receipt
Invoice financing of $2,132,051 (RM5,643,752) for working capital purposes and bears interests at prevalent rate per annum and secured by several personel guarantee from Directors and by ultimate holding company.

Range of interest rates during the financial year is as follows;

	2014 %	2013 %	2014 %	2013 %
Bank overdrafts	4.50-7.88	4.50-7.88	–	–
Letter of credit and trust receipts	8.85-9.10	–	–	–
Term loans	6.30-13.20	6.30-13.20	7.60	7.60

Maturity of bank borrowing is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Within one year	17,060,426	3,754,659	472,635	405,710
Between one year to two years	7,199,732	765,542	472,084	437,640
Between two years to five years	8,548,672	1,805,137	1,651,110	1,530,643
More than five years	4,838,363	7,934,394	7,341,840	7,934,393
	37,647,193	14,259,732	9,937,669	10,308,386

21. DEFERRED TAX LIABILITIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At beginning of financial year	1,179,988	1,146,988	33,000	–
Recognised in profit or loss (Note 29)	134,102	33,000	(33,000)	33,000
Arising from business combination	3,276,258	–	–	–
At end of financial year	4,590,348	1,179,988	–	33,000

Deferred tax liabilities/(assets) are presented after offsetting:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Intangible assets	–	1,146,988	–	–
Accelerated capital allowances	–	33,000	–	–
Unutilised tax losses	–	–	–	–
	–	1,179,988	–	33,000

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unutilised tax losses	–	13,461,800	–	–
Unabsorbed capital allowances		574,600	–	–
Other deductible temporary differences		79,400	–	–
	–	14,115,800	–	–

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the companies in which those items arose.

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.

22. AMOUNTS OWING TO CONTRACT CUSTOMER

	Group	
	2014	2013
	RM	RM
Contract costs incurred to date	502,525	–
Attributable profits	212,900	–
	715,425	–
Less: Progress billings	(729,481)	-
Amount due to contract customer	(14,056)	–

23. TRADE PAYABLES

	Group	
	2014	2013
	RM	RM
Trade Payables		
– Third parties	23,447,936	22,695,840
– Related party	–	–
	23,447,936	22,695,840

The normal trade credit terms granted to the Group range from 30 to 90 days (2013: 30 to 90 days).

24. OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables	6,402,350	5,702,247	207,322	835,198
Accruals	1,353,749	2,097,883	120,939	58,000
Deposits received	5,257,549	4,051,259	–	–
Provision for terminal benefits	–	337,856	–	–
	13,013,648	12,189,245	328,261	893,198

Terminal benefits are the provisions made for amounts payable to permanent employees under the United Arab Emirates ("UAE") Labour Law applicable to employees on payment basis.

25. AMOUNT OWING BY/(TO) A DIRECTOR

Amount owing by/(to) a Director of a subsidiary represents unsecured, interest free and is repayable on demand.

26. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Sales of goods	72,944,823	62,746,283	–	–
Rendering of services	94,033,370	26,059,962	–	–
Training and seminar	279,529	4,507,737	–	–
Management fee	–	–	5,820,000	4,800,000
	167,257,722	93,313,982	5,820,000	4,800,000

27. FINANCE COSTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Interest expense on:				
Bank overdrafts	62,197	45,767	–	–
Letter of credit	59,921	–	–	–
Trust receipts	251,170	–	–	–
Hire purchases	88,936	59,721	6	–
Term loans	1,285,513	597,989	769,498	395,988
	1,747,737	703,477	769,504	395,988

28. PROFIT BEFORE TAXATION

Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amortisation of:				
– Intangible assets	379,344	722,240	–	–
– Land use right	33,758	33,549	–	–
Auditors' remuneration				
– Statutory audits	300,774	240,874	52,000	52,000
– Non-audit services	105,000	105,000	105,000	105,000
Depreciation of property, plant and equipment	8,618,807	1,825,886	780,956	559,532
Directors' remuneration				
– Salaries and other emoluments	3,138,196	2,686,215	905,000	945,240
– EPF contribution	116,735	139,757	–	72,000
Loss on disposal of property, plant and equipment	17,901	–	–	–
Fair value adjustment on investment securities	(3,309,363)	96,515	(3,309,363)	96,515
Loss/(Gain) on foreign exchange – realised	33,969	50,255	(44,148)	14,135
Impairment loss on:				
– Trade receivables	118,706	92,862	–	–
– Amounts owing by subsidiaries	–	–	–	3,215,714
– Investment in subsidiaries	–	–	–	1,306,297
Interest received	(181,556)	(114,460)	(122,271)	(13,332)
Property, plant and equipment written off	35,542	11,820	–	–
Waiver of amount due to trade payables	(437,587)	–	–	–
Rental of office	–	752,468	–	27,000
Rental of workshop	1,138,641	638,820	–	–
Rental of equipment	70,293	55,643	2,933	6,566
Rental of motor vehicles	45,878	132,439	–	–
Rental of premises	307,420	27,096	–	–
Reversal of impairment loss on:				
– Trade receivables	(72,234)	(1,547,444)	–	–
– Other receivables	–	(2,489)	–	–
– Amounts owing by subsidiaries	–	–	(172,355)	–
– Investment in subsidiaries	–	–	–	(3,000,000)
Rental income of premises	–	–	(990,662)	(555,377)

29. TAXATION

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Tax expenses recognised in profit or loss				
Current year provision:				
– Malaysian income tax	6,243,025	1,942,000	335,864	12,000
– Foreign tax	17,757	1,159,364	–	–
Under/(over) provision in prior year:				
– Malaysia income tax	309,734	–	(8,746)	–
– Foreign tax	(5,757)	–	–	–
	6,564,759	3,101,364	327,118	12,000
Deferred tax (Note 21):				
Origination and reversal of temporary differences	(128,590)	30,400	(33,000)	33,000
Underprovision in prior year	262,692	2,600	–	–
	134,102	33,000	(33,000)	33,000
Tax expense for the financial year	6,698,861	3,134,364	294,118	45,000

Income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

29. TAXATION (CONT'D)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Profit before taxation	21,223,108	14,004,339	2,788,266	701,397
Taxation at statutory tax rate of 25% (2013: 25%)	5,305,777	3,501,100	697,067	175,300
Effects of tax rates in other countries	100,117	(511,947)	–	–
Income not subject to tax	(1,883,897)	(271,659)	(1,356,309)	(750,000)
Expenses not deductible for tax purposes	2,352,883	479,570	1,012,676	985,000
Share of results of associates	234,587	124,000	–	–
Utilisation of previously unrecognised deferred tax assets	(132,465)	(189,300)	–	(365,300)
Deferred tax assests not recognised	155,190	–	(50,570)	–
Underprovision of deferred tax in prior year	262,692	2,600	–	–
Underprovision of income tax expense in prior year	303,977	–	(8,746)	–
Tax expense/(credit) for the financial year	6,698,861	3,134,364	294,118	45,000

The Group and the Company have the following unutilised tax losses and capital allowances available for carry forward to set off against future taxable profits. The said amounts are subjected to approval by the tax authorities.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	7,426,887	13,461,800	–	–
Unabsorbed capital allowances	597,865	574,600	–	–
	8,024,752	14,036,400	–	–

30. 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	
	2014 RM	2013 RM
Profit attributable to ordinary shareholders	16,344,870	8,214,685
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	493,390,000	330,000,000
Effect of ordinary shares issued during the financial year	224,450,309	62,551,096
Weighted average number of ordinary shares at 31 December	717,840,309	392,551,096
Basic earnings per ordinary shares (in sen)	2.28	2.09

Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit/(loss) 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	
	2014 RM	2013 RM
Profit attributable to ordinary shareholders of the Company (diluted)	16,344,870	8,214,685
Weighted average number of ordinary shares used in the calculation of basic earnings per share	717,840,309	392,551,096
Adjusted for:		
Assumed exercise of ESOS at no consideration	3,756,071	–
Weighted average number of ordinary shares at 31 December (diluted)	721,596,379	392,551,096
Diluted earnings per shares (in sen)	2.27	2.09

31. STAFF COSTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Staff costs (excluding Directors)	15,169,337	15,461,987	3,480,484	1,522,612

Included in the total staff costs above are contributions made to EPF under a defined contribution plan for the Group and the Company amounting to RM1,786,733 (2013: RM674,248) and RM410,349 (2013: RM70,890) respectively.

32. 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.

The Group has related party relationships with its subsidiaries, associates and key management personnel.

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 in Notes 14 to the financial statements, the significant related party transactions of the Group and the Company are as follows:

	Company	
	2014	2013
	RM	RM
Transactions with subsidiaries		
Rental income	990,662	555,377
Management fee received/receivables	5,820,000	4,800,000

32. RELATED PARTY DISCLOSURES (CONT'D)

c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short-term employees benefits				
– Salaries and other emoluments	3,138,196	2,686,215	905,000	945,240
– Share-based payment	–	–	–	–
– EPF	116,735	139,757	–	72,000
	3,254,931	2,825,972	905,000	1,017,240

33. SEGMENTAL 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 and safety equipment and providing training for the use of safety equipment
Construction	Construction works

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.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liability.

33. SEGMENTAL INFORMATION (CONT'D)

	Maintenance, Repair, Overhaul and Training RM	Construction RM	Total Segment RM	Adjustments and Eliminations RM	Consolidated RM
2014					
Revenue					
External customers	167,257,722	–	167,257,722	–	167,257,722
Inter-segment sales	1,606,889	–	1,606,889	(1,606,889)	–
Total revenue	168,864,611	–	168,864,611	(1,606,889)	167,257,722
Results					
Interest income	181,556	–	181,556	–	181,556
Finance costs	(1,747,737)	–	(1,747,737)	–	(1,747,737)
Depreciation of property, plant and equipment	(8,618,807)	–	(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 securities	(3,212,848)	–	(3,212,848)	–	(3,212,848)
Other non-cash items	199,915	–	199,915	–	199,915
Share of results of associates	(938,348)	–	(938,348)	–	(938,348)
Segment profit/(loss)	15,362,596	–	15,362,596	(838,349)	14,524,247
Segment Assets	498,372,502	–	498,372,502	(154,781,855)	343,590,647
Included in the measurement of segment assets are:					
Additions to property, plant and equipment	20,890,321	–	20,890,321	–	20,890,321
Segment Liabilities	(239,784,399)	–	(239,784,399)	151,740,219	(88,044,180)
Other non-cash expenses/(incomes)					
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

33. SEGMENTAL INFORMATION (CONT'D)

	Maintenance, Repair, Overhaul and Training RM	Construction RM	Total Segment RM	Adjustments and Eliminations RM	Consolidated RM
2013					
Revenue					
External customers	93,313,982	–	–	–	93,313,982
Inter-segment sales	–	–	–	–	–
Total revenue	93,313,982	–	–	–	93,313,982
Results					
Interest income	116,460	–	116,460	–	116,460
Finance costs	(703,477)	–	(703,477)	–	(703,477)
Depreciation of property, plant and equipment	(1,825,886)	–	(1,825,886)	–	(1,825,886)
Amortisation of intangible assets	(722,240)	–	(722,240)	–	(722,240)
Amortisation of land use right	(33,549)	–	(33,549)	–	(33,549)
Fair value adjustment on investment securities	(96,515)	–	(96,515)	–	(96,515)
Other non-cash items	(1,442,762)	–	(1,442,762)	–	(1,442,762)
Share of result of associates	(495,822)	–	(495,822)	–	(495,822)
Segment profit/(loss)	10,873,642	(3,667)	10,869,975	–	10,869,975
Segment Assets	167,150,675	–	167,150,675	–	167,150,675
Included in the measurement of segment assets are:					
Additions to property, plant and equipment	20,890,487	–	20,890,487	–	20,890,487
Segment Liabilities	(56,290,768)	–	(56,290,768)	–	(56,290,768)
Other non-cash expenses/(incomes)					
Impairment loss on receivables	92,862	–	92,862	–	92,862
Reversal of impairment loss on receivables	(1,547,444)	–	(1,547,444)	–	(1,547,444)
Property, plant and equipment written off	11,820	–	11,820	–	11,820

33. SEGMENTAL INFORMATION (CONT'D)

a) 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Group				
Malaysia	128,237,741	50,465,858	139,368,914	35,544,250
Singapore	39,019,981	42,848,124	48,659,290	38,832,399
	167,257,722	93,313,982	188,028,204	74,376,649

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2014 RM	2013 RM
Group		
Property, plant and equipment	69,088,807	28,088,950
Investment in associates	–	683,214
Investments in securities	5,776,550	2,467,187
Intangible assets	111,245,436	41,408,199
Land use right	1,637,411	1,609,099
Other investment	280,000	120,000
	188,028,204	74,376,649

b) Major customer

Revenue from one major customer amounted to RM72,197,208 (2013: RM36,387,339) arising from sales by the maintenance, repair, overhaul and training segment.

34. CAPITAL COMMITMENT

	Group	
	2014 RM	2013 RM
Approved and contracted for:		
Property, plant and equipment	–	–
Acquisition of subsidiaries	–	80,000,000
	–	80,000,000

35. FINANCIAL INSTRUMENTS

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an on going 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:

	Assets at Fair Value through Profit or Loss RM	Available for Sale RM	Loan and Receivables RM	Financial Liabilities at Amortised Costs RM	Total RM
Group					
2014					
Financial Assets					
Trade receivables	–	–	68,404,571	–	68,404,571
Other receivables	–	–	30,709,845	–	30,709,845
Fixed deposits with licensed banks	–	–	12,525,018	–	12,525,018
Cash and bank balances	–	–	26,022,799	–	26,022,799
Other investment	–	280,000	–	–	280,000
Investment in securities	5,776,550	–	–	–	5,776,550
Total financial assets	5,776,550	280,000	137,662,233	–	143,718,783
Financial Liabilities					
Trade payables	–	–	–	23,447,936	23,447,936
Other payables	–	–	–	13,013,648	13,013,648
Hire purchase payables	–	–	–	1,248,770	1,248,770
Bank borrowings	–	–	–	37,647,193	37,647,193
Total financial liabilities	–	–	–	75,357,547	75,357,547

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Classification of financial instruments (cont'd)

	Assets at Fair Value through Profit or Loss RM	Available for Sale RM	Loan and Receivables RM	Financial Liabilities at Amortised Costs RM	Total RM
Group					
2013					
Financial Assets					
Trade receivables	–	–	50,439,398	–	50,439,398
Other receivables	–	–	17,625,388	–	17,625,388
Fixed deposits with licensed banks	–	–	5,200,028	–	5,200,028
Cash and bank balances	–	–	9,854,677	–	9,854,677
Other investment	–	120,000	–	–	120,000
Investment in securities	2,467,187	–	–	–	2,467,187
Total financial assets	2,467,187	120,000	83,119,491	–	85,706,678
Financial Liabilities					
Trade payables	–	–	–	22,695,840	22,695,840
Other payables	–	–	–	12,189,245	12,189,245
Amount owing to a Director	–	–	–	1,324,434	1,324,434
Hire purchase payables	–	–	–	1,239,293	1,239,293
Bank borrowings	–	–	–	14,259,732	14,259,732
Total financial liabilities	–	–	–	51,708,544	51,708,544

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Classification of financial instruments (cont'd)

	Assets at Fair Fair Value through Profit or Loss RM	Loans and Receivables RM	Financial Liabilities at Amortised Cost RM	Total RM
Company				
2014				
Financial Assets				
Other receivables	–	8,001,310	–	8,001,310
Amounts owing by subsidiaries	–	107,202,217	–	107,202,217
Cash and bank balances	–	1,355,878	–	1,355,878
Investment in securities	5,776,550	–	–	5,776,550
Total financial assets	5,776,550	116,559,405	–	122,335,955
Financial Liabilities				
Other payables	–	–	328,261	328,261
Amounts owing to subsidiaries	–	–	26,275,791	26,275,791
Bank borrowings	–	–	9,937,669	9,937,669
Total financial liabilities	–	–	36,541,721	36,541,721
2013				
Financial Assets				
Other receivables	–	3,912,184	–	3,912,184
Amounts owing by subsidiaries	–	68,804,077	–	68,804,077
Cash and bank balances	–	493,528	–	493,528
Investment in securities	2,467,187	–	–	2,467,187
Total financial assets	2,467,187	73,209,789	–	75,676,976
Financial Liabilities				
Other payables	–	–	893,198	893,198
Amounts owing to subsidiaries	–	–	17,249,833	17,249,833
Bank borrowings	–	–	10,308,386	10,308,386
Total financial liabilities	–	–	28,451,417	28,451,417

35. FINANCIAL INSTRUMENTS (CONT'D)

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 risk, liquidity risk, foreign currency exchange risk and interest rate risk. 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 on going 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 subsidiary companies.

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 future purpose of development projects. The maximum exposure of credit risk amounts to RM10,610,109 (2013: RM5,516,205). The financial guarantee has not been recognised since the fair value on initial recognition was not material as the bank guarantee was secured by the fixed deposits with licensed bank.

35. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

i) Credit risk (cont'd)

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.

35. 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.

	Carrying Amount RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	> 5 Years RM	Total Contractual Cash Flows RM
Group						
2014						
At cost						
Trade payables	23,447,936	23,447,936	–	–	–	23,447,936
Other payables	13,013,648	13,013,648	–	–	–	13,013,648
Hire purchase payables	1,248,770	284,503	292,620	529,414	374,614	1,481,151
Bank borrowings	37,647,193	17,510,426	7,349,732	8,848,672	5,338,363	39,047,193
Total undiscounted financial liabilities	75,357,547	54,256,513	7,642,352	9,378,086	5,712,977	76,989,928
2013						
Trade payables	22,695,840	22,695,840	–	–	–	22,695,840
Other payables	12,189,245	11,851,389	–	–	–	11,851,389
Amount owing to a Director	1,324,434	1,324,433	–	–	–	1,324,433
Hire purchase payables	1,239,293	273,503	281,620	518,414	383,614	1,457,151
Bank borrowings	14,259,732	4,524,158	1,503,109	3,800,119	10,164,279	19,991,665
Total undiscounted financial liabilities	51,708,544	40,669,323	1,784,729	4,318,533	10,547,893	57,320,478

35. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

ii) Liquidity risk (cont'd)

	Carrying Amount RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	> 5 Years RM	Total Contractual Cash Flows RM
Company						
2014						
Other payables	328,261	328,261	–	–	–	328,261
Amounts owing to subsidiaries	26,275,791	26,275,791	–	–	–	26,275,791
Bank borrowings	9,937,669	1,175,208	1,175,208	3,525,624	8,989,071	14,865,111
Total undiscounted financial liabilities	36,541,721	27,779,260	1,175,208	3,525,624	8,989,071	41,469,163
2013						
Other payables	893,198	893,198	–	–	–	893,198
Amounts owing to subsidiaries	17,249,833	17,249,833	–	–	–	17,249,833
Bank borrowings	10,308,386	1,175,208	1,175,208	3,525,624	10,164,279	16,040,319
Total undiscounted financial liabilities	28,451,417	19,318,239	1,175,208	3,525,624	10,164,279	34,183,350

35. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

iii) Market risks

a) Foreign currency exchange 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"), Great Britain Pound ("GBP") and Japanese Yen ("JPY").

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**	**GBP**	**JPY**
	RM	**RM**	**RM**	**RM**
Group				
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)	–
2013				
Trade receivables	5,426,479	194,100	–	–
Other receivables	6,810	348,298	–	–
Cash and bank balances	757,834	–	–	–
Trade payables	(488,244)	(21,784)	–	–
Other payables	(686,244)	(105,412)	–	(99,777)
	5,016,635	415,202	–	(99,777)

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 table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, GBP and JPY exchange rates against RM, with all other variables held constant.

35. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

iii) Market risks (cont'd)

a) Foreign currency exchange risk (cont'd)

	Change In Currency Rate	Effect on Profit After Tax 2014 RM	2013 RM
Group			
USD	10%	353,285	376,248
EURO	10%	(28,705)	31,140
GBP	10%	(48,430)	–
JPY	10%	–	7,483

A 10% (2013: 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

iii) Market risks (cont'd)

b) Interest rate risk (cont'd)

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2014 RM	2013 RM
Group		
Financial Liability		
Bank borrowings	37,647,193	14,259,732
Company		
Financial Liability		
Bank borrowings	9,937,669	10,308,386

Interest rate risk sensitivity
A change in 1% interest rate at the end of the reporting period would have decreased the Group' and the Company's profit before tax by RM376,472 (2013: RM142,597) and RM99,377 (2013: RM103,084) 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) Fair values of financial instruments

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

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

35. 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				Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group										
2014										
Financial Assets										
Investment in securities	–	–	–	–	–	–	–	–	–	–
Other investment	–	–	–	–	–	–	280,000	280,000	280,000	280,000
Financial Liabilities										
Finance leases liabilities	–	–	–	–	–	–	1,028,162	1,028,162	1,138,485	1,028,162
Bank borrowings	–	–	–	–	–	–	20,586,767	20,586,767	20,586,767	20,586,767
2013										
Financial Asset										
Investment in securities	683,214	–	–	683,214	–	–	-	-	683,214	683,214
Other investment	–	–	–	–	–	–	120,000	120,000	120,000	120,000
Financial Liabilities										
Finance leases liabilities	–	–	–	–	–	–	1,022,144	1,022,144	1,145,587	1,022,144
Bank borrowings	–	–	–	–	–	–	10,505,073	10,505,073	10,505,073	10,505,073

35. 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				Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Company										
2014										
Financial Assets										
Other investment	–	–	–	–	–	–	280,000	280,000	280,000	280,000
Financial Liabilities										
Bank borrowings	–	–	–	–	–	–	9,465,034	9,465,034	9,465,034	9,465,034
2013										
Financial Asset										
Other investment	–	–	–	–	–	–	–	–	–	–
Financial Liabilities										
Bank borrowings	–	–	–	–	–	–	9,902,676	9,902,676	9,902,676	9,902,676

35. 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.

36. 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. The gearing ratios at end of the reporting period are as follows:

	2014 RM	**2013 RM**
Total loans and borrowings	38,895,963	14,715,319
Less: Cash and cash equivalents	(38,547,817)	(11,914,219)
Net debt	348,146	2,801,100
Total equity	245,086,420	103,940,063
Gearing ratio	0.14%	2.69%

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.

37. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2015.

38. 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 2014 is analysed as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
– realised	2,982,160	(20,286,914)	849,932	(1,611,216)
– unrealised	(134,102)	(33,000)	–	(33,000)
Total accumulated losses from associates				
– realised	(1,255,135)	(316,786)	–	–
– unrealised	–	–	–	–
	2,848,058	(20,636,700)	849,932	(1,644,216)
Less : Consolidation adjustments	33,334,335	40,474,223	–	–
Total retained profits/(accumulated losses)	36,182,393	19,837,523	849,932	(1,644,216)

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	Net Book Value	Date of Acquisition
PT 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak	4,049 Square Metre	–	Leasehold for a period of 99 years expiring on 9 May 2105 (unexpired term of about 91 years)	–	RM799,610	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam, Selangor	4,180 Square Metre	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	15 years	RM16,023,583	04.06.2013
San Yu Town, Nantong TongZhou City Industry Park, Jiangsu Province, China	11,608 Square Metre	Office and Factory	Leasehold expiring on 1 March 2067 (unexpired term of about 53 years)	2 years	RM2,678,509	01.01.2011
No. 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1,189 Square Metre	Office and Workshop	Freehold	6 years	RM643,733	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1,797 Square Metre Built up: 311 Square Metre	Office and Workshop	Leasehold for a period of 60 years expiring on 22 Jan 2062	–	RM898,430	09.10.2014
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Build a yard on rented land)	14,520 Square Metre	Yard	Rent & renew yearly	3 years	RM1,968,207	01.03.2012

Analysis of Shareholdings

As at 8 May 2015

A. SHARE CAPITAL

Authorised Share Capital	:	RM150,000,000.00
Issued and Paid-up Capital	:	RM80,345,926.10
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	11	0.40	416	0.00
100 – 1,000	422	15.50	192,812	0.02
1,001 – 10,000	1,102	40.48	6,891,483	0.86
10,001 – 100,000	942	34.61	35,016,700	4.36
100,001 to less than 5% of issued shares	242	8.89	501,122,150	62.37
5% and above issued shares	3	0.11	260,299,700	32.39
Total	2,722	100.00	803,532,261	100.00

C. DIRECTORS' SHAREHOLDINGS AS AT 8 MAY 2015

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	401,100	0.05	255,907,700	31.82 [(a)]
2.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	–	–	–	–
3.	Azhar bin Azizan @ Harun	–	–	–	–
4.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	–	–	–	–
5.	Abdul Rahman bin Mohamed Rejab	500,000	0.06	–	–
6.	Dato' Che Sulaiman bin Shapie	–	–	–	–
7.	Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	–	–	–	–

(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 8 MAY 2015

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	BPH Capital Sdn Bhd	255,036,000	31.71	–	–
2.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	401,100	0.05	255,907,700	31.82 (a)
3.	Merrill Lynch International	40,763,700	5.07	–	–
4.	Merrill Lynch International Incorporated	–	–	40,763,700	5.07 (b)
5.	Merrill Lynch Europe Limited	–	–	40,763,700	5.07 (b)
6.	Merrill Lynch UK Holdings	–	–	40,763,700	5.07 (b)
7.	ML UK Capital Holdings	–	–	40,763,700	5.07 (b)
8.	Bank of America Corporation	–	–	40,763,700	5.07 (b)
9.	ML EMEA Holdings LLC	–	–	40,763,700	5.07 (b)
10.	MLEIH Funding	–	–	40,763,700	5.07 (b)
11.	NB Holdings Corporation	–	–	40,763,700	5.07 (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

E. LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 8 MAY 2015

No.	Name of Shareholders	Shares Held	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	149,076,000	18.55
2	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD	70,460,000	8.77
3	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY: MERRILL LYNCH INTERNATIONAL	40,763,700	5.07
4	UOB KAY HIAN NOMINEES (ASING) SDN BHD BENEFICIARY: EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED-A/C CLIENTS	39,093,400	4.87
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD (8093424)	35,500,000	4.42

E. LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 8 MAY 2015 (CONT'D)

No.	Name of Shareholders	Shares Held	%
6	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY: GOLDMAN SACHS INTERNATIONAL	30,901,800	3.85
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	29,600,000	3.68
8	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE	26,145,000	3.25
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	25,500,000	3.17
10	YAYASAN POK DAN KASSIM	19,760,000	2.46
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: SANTRAPRISE SDN BHD	16,500,000	2.05
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: LIM FEI NEE (8117227)	15,555,000	1.94
13	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	15,555,000	1.94
14	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY: EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	14,675,400	1.83
15	KAMARUDIN BIN MERANUN	14,000,000	1.74
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CHIN CHEE KAN (8117641)	11,674,800	1.45
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR LIM NYUK SANG @ FREDDY LIM (MQ0423)	11,200,000	1.39
18	SITI MUNAJAT BINTI MD GHAZALI	11,000,000	1.37
19	EC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR BATU BARA RESOURCES CORPORATION SDN BHD (MP0184)	10,000,000	1.24

E. LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 8 MAY 2015 (CONT'D)

No.	Name of Shareholders	Shares Held	%
20	UOB KAY HIAN NOMINEES (ASING) SDN BHD BENEFICIARY: EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	9,000,000	1.12
21	RAMASAMY RAMESH	7,500,000	0.93
22	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR WONG LEN KEE	6,430,000	0.80
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	6,184,000	0.77
24	BONG YAM KENG	6,150,000	0.77
25	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	6,000,000	0.75
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	5,432,000	0.68
27	YEW VUI HEUNG	4,876,900	0.61
28	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BENEFICIARY: STATE STREET AUSTRALIA FUND UBLV FOR UNITED ASIAN GROWTH OPPORTUNITIES FUND	4,407,000	0.55
29	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (LOCAL)	3,779,700	0.47
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PASCAL RESOURCES SDN BHD (8089206)	3,472,900	0.43

Analysis of Warrant Holdings

As at 8 May 2015

A. SHARE CAPITAL

Issue Size	:	241,997,667 free warrants issued pursuant to the Bonus Issue of Warrants
Number of Warrant holder	:	2,089

B. DISTRIBUTION OF WARRANT HOLDINGS

Size of Holding	No. of Warrant Holders	%	No. of Warrants Held	%
Less than 100	439	21.01	24,789	0.01
100 – 1,000	162	7.75	96,645	0.04
1,001 – 10,000	528	25.28	2,615,986	1.08
10,001 – 100,000	690	33.03	29,697,114	12.27
100,001 to less than 5% of number of warrants issues	238	11.39	74,680,157	30.86
5% and above on the number of warrants issues	32	1.53	134,882,976	55.75
Total	2,089	100.00	241,997,667	100.00

C. DIRECTORS' WARRANT HOLDINGS AS AT 8 MAY 2015

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	Dato' Rozabil @ Rozamujib bin Abdul Rahman	267,400	0.11	34,393,712	14.21[(a)]
2.	Dato' Abdul Aziz bin Haji Sheikh Fadzir	–	–	–	–
3.	Azhar bin Azizan @ Harun	–	–	–	–
4.	Dato' Megat Fairouz Junaidi bin Tan Sri Megat Junid	–	–	–	–
5.	Abdul Rahman bin Mohamed Rejab	–	–	–	–
6.	Dato' Che Sulaiman bin Shapie	–	–	–	–
7.	Professor Datin Dr Suzana bt Sulaiman @ Mohd Suleiman	–	–	–	–

(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 8 MAY 2015

No.	Name of Warrants Holders	Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: BPH Capital Sdn Bhd	33,334,112	13.77	–	–
2.	DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	267,400	0.11	34,393,712	14.21 [(a)]
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	31,236,666	12.91	–	–

(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 8 MAY 2015

No.	Name of Warrant Holders	Warrants held	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: BPH CAPITAL SDN.BHD	33,334,112	13.77
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	31,236,666	12.91
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: SANTRAPRISE SDN BHD	11,000,000	4.55
4	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR CHOW YING CHOON	8,400,000	3.47
5	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR MERRY NOEL ROBERT	3,900,000	1.61
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LEE CHI KEN @ PHILIP LEE (8111593)	3,136,500	1.30
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BENEFICIARY: STATE STREET AUSTRALIA FUND UBLV FOR UNITED ASIAN GROWTH OPPORTUNITIES FUND	3,000,000	1.24

Analysis of Warrant Holdings

As at 8 May 2015

E. LIST OF 30 LARGEST WARRANT HOLDERS AS AT 8 MAY 2015 (CONT'D)

No.	Name of Warrant Holders	Warrants Held	%
8	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TAN SIEW BOOY (D18)	2,530,000	1.05
9	ISMAIL BIN ASHA'ARI	2,422,200	1.00
10	YEW VUI HEUNG	2,064,400	0.85
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM CHI TAT	2,030,000	0.84
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM BENG KEAT (8121608)	2,000,000	0.83
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,000,000	0.83
14	CHEAH SONG KANG @ CHIAH JEE BA	2,000,000	0.83
15	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR CHEAH SONG KANG @ CHIAH JEE BA (CEB)	2,000,000	0.83
16	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR CHAN MENG YEONG @ PAUL CHAN	1,860,000	0.77
17	CHUA PENG BOON @ CHOY AH MUN	1,830,000	0.76
18	LEONG CHEE JIAN	1,680,066	0.69
19	THEAN THON POH	1,650,000	0.68
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PASCAL RESOURCES SDN BHD (8089206)	1,626,933	0.67
21	CHONG MEE FAH @ FREDERICK CHONG	1,573,400	0.65
22	EDUCREST SDN BHD	1,500,000	0.62
23	YEE KUAI YAN	1,476,900	0.61

E. LIST OF 30 LARGEST WARRANT HOLDERS AS AT 8 MAY 2015 (CONT'D)

No.	Name of Warrant Holders	Warrants Held	%
24	LIM NYUK CHONG @ LIM NYUK SIONG	1,300,000	0.54
25	YONG SIOW VEE	1,264,000	0.52
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR SHAHIDAN BIN KASSIM (MP0174)	1,260,000	0.52
27	MAZLAN BIN ABD MAJID	1,257,733	0.52
28	MAZLAN BIN ABD MAJID	1,192,333	0.49
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BENEFICIARY: EXEMPT AN FOR BANK OF SINGAPORE LIMITED	1,161,933	0.48
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LEONG CHEE JIAN (T TAMING JY-CL)	1,113,000	0.46

Notice of Eleventh (11th) Annual General Meeting

destiniberhad

NOTICE IS HEREBY GIVEN THAT the Eleventh (11th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be held at Cenderawasih 1, Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor on Tuesday, 16 June 2015 at 10.30 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 2014 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)

2 To re-elect Tan Sri Dato' Sri Rodzali bin Daud who shall retire pursuant to Article 93 of the Company's Articles of Association. (Ordinary Resolution 2)

3 To re-elect Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman who shall retire pursuant to Article 86 of the Company's Articles of Association. (Ordinary Resolution 3)

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 4)

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 5)

"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: 25 May 2015

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 maybe.

6. For the purpose of determining a member who shall be entitled to attend the Eleventh (11th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 9 June 2015. Only members whose name appears on the Record of Depositors as at 9 June 2015 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 5: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 5, 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) working 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 Tenth (10th) Annual General Meeting held on 27 June 2014 and which will lapse at the conclusion of the Eleventh (11th) Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting

The Directors who are standing for re-election at the Eleventh (11th) Annual General Meeting of the Company are:

i) Tan Sri Dato' Sri Rodzali bin Daud
ii) Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman

The profiles of the Directors standing for re-election under the Company's Articles of Association are set out on pages 9 to 11 of the Annual Report 2014. The shareholdings and warrant holdings of the abovenamed Directors in the Company are disclosed on page 142 and 146 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 18 of the Annual Report 2014.

The Eleventh (11th) Annual General Meeting of the Company will be held at Cenderawasih 1, Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor on Tuesday, 16 June 2015 at 10.30 a.m.

Proxy Form

destiniberhad

No. of Ordinary Shares	CDS Account No. of Authorised Nominee

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 ____________________

of____________________

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 Eleventh (11th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") to be held at Cenderawasih 1, Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U1/8, 40150 Shah Alam, Selangor on Tuesday, 16 June 2015, at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	**Ordinary Resolutions** To receive the Audited Financial Statements for the financial year ended 31 December 2014 and Reports of the Directors' and Auditors thereon.		
2	To re-elect Tan Sri Dato' Sri Rodzali bin Daud as Director.		
3	To re-elect Professor Datin Dr Suzana Bt Sulaiman @ Mohd Suleiman as Director.		
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.		
5	**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 ____________________________, 2015.

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 maybe.
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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

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First fold here

DESTINI BERHAD (633265-K)

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40160 Shah Alam, Selangor Darul Ehsan
Malaysia
T: +603 5567 0333
F: +603 5569 1233
E: info@destinigroup.com

www.destinigroup.com