

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

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

**Registered office and
principal place of business:
No. 10, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan**

DESTINI BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

INDEX

	Page No.
DIRECTORS' REPORT	1 - 6
STATEMENT BY DIRECTORS	7
STATUTORY DECLARATION	8
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	9 - 11
STATEMENTS OF FINANCIAL POSITION	12 - 13
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14 - 15
STATEMENTS OF CHANGES IN EQUITY	16 - 18
STATEMENTS OF CASH FLOWS	19 - 21
NOTES TO THE FINANCIAL STATEMENTS	22 - 122

DESTINI BERHAD
(Incorporated in Malaysia)

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 2015.

Principal Activities

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

Financial Results

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

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

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

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

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

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

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

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

Warrant 2013/2016

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

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

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

Directors

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

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

Directors’ Interests

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

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

Directors' Interests (Cont'd)

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

	<-No. of share options over ordinary shares of RM0.10 each->			
	At 1.1.2015	Exercised	Lapsed	At 31.12.2015
Interests in the Company				
Direct interest				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	3,240,000	-	(3,240,000)	-
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	2,235,300	(500,000)	(1,735,300)	-
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

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

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

Directors' Benefits

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

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

Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Other Statutory Information (Cont'd)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to the financial statements; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

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

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

DATO' ROZABIL @ ROZAMUJIB BIN
ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN
DAUD

SHAH ALAM

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of DESTINI BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 12 to 121 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 122 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

DATO' ROZABIL @ ROZAMUJIB BIN
ABDUL RAHMAN

TAN SRI DATO' SRI RODZALI BIN
DAUD

SHAH ALAM

DESTINI BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, ISMAIL BIN MUSTAFFA, being the Officer primarily responsible for the financial management of DESTINI BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 12 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

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

ISMAIL BIN MUSTAFFA

Before me,

No. W521
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DESTINI BERHAD**

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

Report on the Financial Statements

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 121.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DESTINI BERHAD (CONT'D)**

(Company No: 633265-K)

(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 122 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DESTINI BERHAD (CONT'D)**

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

Other Matters

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

UHY

Firm Number: AF 1411

Chartered Accountants

CHAN JEE PENG

Approved Number: 3068/08/16(J)

Chartered Accountant

KUALA LUMPUR

11 April 2016

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (CONT'D)

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

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

DESTINI BERHAD
(Incorporated in Malaysia)

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

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

DESTINI BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

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

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

DESTINI BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Attributable to Owners of the Parent

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

DESTINI BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

Attributable to Owners of the Parent

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

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

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

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

DESTINI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

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

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

DESTINI BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. Corporate Information

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

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

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

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

Adoption of new and amended standards

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

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

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

2. Basis of Preparation (Cont'd)**(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 amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

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

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

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

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

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

2. Basis of Preparation (Cont'd)

- (a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 15 Revenue from Contracts with Customers

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

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

- (b) Functional and presentation currency

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

- (c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

Key sources of estimation uncertainty

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

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

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

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

Impairment of investments in subsidiaries

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

Impairment of goodwill on consolidation

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

Inventories valuation

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of loans and receivables

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

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

Employee share options

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

Deferred tax assets

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

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Construction Contracts

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

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

Income taxes

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

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

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

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

(iii) Disposal of subsidiaries

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

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 acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

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

(b) Investments in associates and joint ventures

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

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

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

3. Significant Accounting Policies (Cont'd)

(b) Investments in associates and joint ventures (Cont'd)

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

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

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(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.

(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.

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation

(ii) Foreign operations

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

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

(d) Property, plant and equipment

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

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

3. Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation (Cont'd)

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

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

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

(e) Leases

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

As lessee

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee

(i) Finance lease (Cont'd)

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

(ii) Operating leases

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

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

Leasehold land which in substance is an operating lease is classified as land use rights.

(f) Intangible assets

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

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

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

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

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

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 is recognised in profit or loss in the period in which it is incurred.

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

(ii) Intangible assets acquired in a business combination

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

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

(iii) Intangible assets acquired separately

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

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(iii) Derecognition of intangible assets

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

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

(g) Financial assets

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

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

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and through 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 for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risk of fair value hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchase or sale of financial assets

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

Derecognition of financial assets

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

3. Significant Accounting Policies (Cont'd)

(h) Financial Liabilities

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

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

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

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

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

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

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

Financial guarantee contracts

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

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

3. Significant Accounting Policies (Cont'd)

(h) Financial Liabilities (Cont'd)

Derecognition of financial liabilities

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

(i) Offsetting of financial instruments

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

(j) Inventories

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

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

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

(k) Construction contracts

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

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

3. Significant Accounting Policies (Cont'd)

(k) Construction contracts (Cont'd)

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

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

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

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

(l) Cash and cash equivalents

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

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company and investment on associate company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets

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

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

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

Unquoted equity securities carried at cost

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

3. Significant Accounting Policies (Cont'd)

(n) Share capital

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

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

(o) Provisions

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

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

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

(p) Employee benefits

(i) Short term employee benefits

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

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits

(i) Short term employee benefits (Cont'd)

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. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

(iv) Share-based payment transaction

Equity-settled share-based payment transaction

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

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

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(iv) Share-based payment transaction (Cont'd)

Equity-settled share-based payment transaction (Cont'd)

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

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

(q) Revenue

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

(i) Sale of goods

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

(ii) Rendering of services

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

(iii) Construction contracts

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

3. Significant Accounting Policies (Cont'd)

(q) Revenue (Cont'd)

(iv) Rental income

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

(v) Interest income

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

(vi) Management fee

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

(r) Borrowing costs

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

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

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

(s) Income taxes

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

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

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

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

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

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

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

(t) Segments reporting

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

3. **Significant Accounting Policies (Cont'd)**

(u) Contingencies

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

4. **Property, Plant and Equipment**

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

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

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

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

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

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

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

4. Property, Plant and Equipment (Cont'd)**(a) Assets pledged as securities to financial institutions**

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Freehold land and buildings	26,947,191	16,023,583	20,672,221	16,023,583
Leasehold properties and industrial land	15,509,518	2,591,910	791,810	799,610
	<u>42,456,709</u>	<u>18,615,493</u>	<u>21,464,031</u>	<u>16,823,193</u>

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

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

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

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Motor vehicles	<u>3,103,615</u>	<u>1,010,402</u>	<u>-</u>	<u>-</u>

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

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

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

5. **Investments in Subsidiaries**

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

Details of the subsidiaries are as follows:

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

5. Investment in Subsidiaries (Cont'd)

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

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

5. Investment in Subsidiaries (Cont'd)

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

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

5. **Investment in Subsidiaries (Cont'd)**

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

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

5. Investment in Subsidiaries (Cont'd)

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

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

* Subsidiaries not audited by UHY

Previously held through Destini Prima Sdn. Bhd.

5. Investment in Subsidiaries (Cont'd)**(a) Material partly-owned subsidiaries**

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

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

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

5. Investment in Subsidiaries (Cont'd)**(a) Material partly-owned subsidiaries (Cont'd)**

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

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

5. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries

During the financial year

- (i) The Group re-organises its internal group structures:
 - (a) On 26 January 2015, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. transferred its entire shareholdings in Destini First Sdn. Bhd. to the Company at total cash consideration of RM1.
 - (b) On 10 June 2015, a wholly-owned subsidiary of the Company, Destini Prima Sdn. Bhd. transferred its entire shareholdings in Destini Aviation Sdn. Bhd. to the Company at total cash consideration of RM2.
- (ii) On 30 April 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire shareholding in Land Auto Technology Sdn. Bhd. ("LAD") for a cash consideration of RM2. On 26 June 2015, the Company subscribed for an additional 49,998 new ordinary shares of RM1 each in LAD for total cash consideration of RM49,998.
- (iii) On 5 May 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire shareholding in Prinsip Pertiwi Sdn. Bhd. for a cash consideration of RM2.
- (iv) On 16 June 2015, a wholly-owned subsidiary of the Company, Destini Aviation Sdn. Bhd (formerly known as Satang Aviation Sdn. Bhd.) subscribed for 1,400,000 new ordinary shares of RM1 each, representing the 80% shareholding in Safear Technical Sdn. Bhd. ("STSB") for total cash consideration of RM1,400,000.
- (v) On 23 July 2015, a wholly-owned subsidiary of the Company, Destini Armada Sdn. Bhd. entered into a SSA with a third party to acquire 2 ordinary shares of RM1 each, representing the entire shareholding in Destini Shipbuilding And Engineering Sdn. Bhd. ("DSE") (formerly known as Everyday Success Sdn. Bhd.) for total consideration of RM 75,300,000 by way of cash consideration of RM300,000 and issuance of 107,142,857 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.70 each.
- (vi) On 12 December 2015, the Company acquired additional 1,750,000 ordinary shares of RM1 each, representing the 50% shareholding in System Enhancement Resources & Technologies Sdn. Bhd. ("SERT") from a third party for total cash consideration of RM4,400,000. Upon completion of the acquisition, SERT that previously held as associate of the Company, became the wholly-owned subsidiary of the Company.

5. Investment in Subsidiaries (Cont'd)**(b) Acquisition of subsidiaries (Cont'd)**

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

Fair value of consideration transferred

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

Fair value of identifiable assets acquired and liabilities assumed

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

5. Investment in Subsidiaries (Cont'd)**(b) Acquisition of subsidiaries (Cont'd)**Net cash outflow arising from acquisition of subsidiaries

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

Goodwill arising from business combination

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

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

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

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

5. Investment in Subsidiaries (Cont'd)**(b) Acquisition of subsidiaries (Cont'd)**In previous financial year

- (i) On 27 March 2014, the Company entered into a Share Sale Agreement with Kejuruteraan Samudra Timur Berhad for the acquisition of 5,000,000 ordinary shares of RM1 each in Destini Oil Services Sdn. Bhd. ("DOS") (formerly known as Samudra Oil Services Sdn. Bhd.) for total purchase consideration of RM80,000,000 by way of issuance of 228,571,428 new ordinary shares of RM0.10 each in the Company at an issuance price of RM0.35 each.
- (ii) On 5 March 2014, the Company entered into a Sale, Purchase and Subscription agreement with Mah Sook Hing ("the Vendor") and Green Pluslink Sdn Bhd ("GPSB") for the acquisition of 2,500,000 shares of RM1 each in GPSB from the Vendor for the total cash consideration of RM1,700,000 and to subscribe for additional 200,000 new ordinary shares of RM1.00 each in GPSB at the subscription price of RM2,400,000 which to be satisfied entirely via cash;
- (iii) On 5 August 2014, the Company acquired 1 ordinary share of RM1 each in Detrac Sdn. Bhd. for a total cash consideration of RM1. the Company hold 50% of the total issued and paid up shares of Detrac Sdn. Bhd..

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

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

Fair value of consideration transferred

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

5. Investment in Subsidiaries (Cont'd)**(b) Acquisition of subsidiaries (Cont'd)**Fair value of identifiable assets acquired and liabilities assumed

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

Net cash outflow arising from acquisition of subsidiaries

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

5. Investment in Subsidiaries (Cont'd)**(b) Acquisition of subsidiaries (Cont'd)**Goodwill arising from business combination

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

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

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

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

(c) Acquisition of non-controlling interests

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

5. Investment in Subsidiaries (Cont'd)**(c) Acquisition of non-controlling interests (Cont'd)**

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

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

There was no acquisition in the previous financial year.

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

6. Investment in Associates

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

6. Investment in Associates (Cont'd)

Details of the associates are as follows:

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

* *Associates not audited by UHY*

Became subsidiary during the financial year

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

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

6. Investment in Associates (Cont'd)

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

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

7. Investment in Joint Venture

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

7. Investment in Joint Venture (Cont'd)

Details of the joint venture are as follows:

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

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

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

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

8. Investment in Securities

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

9. Intangible Assets

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

9. Intangible Assets (Cont'd)

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

Description of the intangible assetsBrand

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

Product technology

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

9. Intangible Assets (Cont'd)

Development costs

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

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

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

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

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

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

- (i) Cash flows were projected based on actual operating results and a five-year business plan;
- (ii) Revenue was projected at anticipated annual revenue growth of approximately 6% to 23% per annum;
- (iii) Expenses were projected at annual increase of approximately 5% to 10% per annum; and
- (iv) A pre-tax discount rate of 7% to 8% was applied in determining the recoverable amount of the respective CGU. The discount rate was estimated based on the weighted average cost of capital of individual CGU.

9. Intangible Assets (Cont'd)**Impairment testing for cash generating units (“CGU”) containing goodwill (Cont'd)**

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

10. Land Use Right

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

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

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

11. Other Investment

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Golf club membership	<u>320,000</u>	<u>280,000</u>	<u>150,000</u>	<u>150,000</u>

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

12. Inventories

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

13. Trade Receivables

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

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

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

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

13. Trade Receivables (Cont'd)

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

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

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

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

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

14. Other Receivables

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

14. Other Receivables (Cont'd)

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

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

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

15. Amount Due from/(to) Subsidiaries

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

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

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

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

16. Amount Due from Joint Venture

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

17. Amount Due from a Director

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

18. Fixed Deposits with Licensed Banks

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

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

19. Cash and Bank Balances

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

20. Share Capital

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

20. Share Capital (Cont'd)

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

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

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

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

21. Reserves

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

- (i) Share premium

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

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

- (ii) Foreign currency translation reserve

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

21. Reserves (Cont'd)

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

(iii) Employee share option reserve

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

22. Employees Share Option Scheme (“ESOS”) Reserve

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

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

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

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

22. Employees Share Option Scheme (“ESOS”) Reserve (Cont’d)

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

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

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

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

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

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

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

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

22. Employees Share Option Scheme (“ESOS”) Reserve (Cont’d)

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

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

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

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

23. Finance Lease Liabilities

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

23. **Finance Lease Liabilities (Cont'd)**

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

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

24. **Bank Borrowings**

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

24. **Bank Borrowings (Cont'd)**

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

Term loan I

The term loans consist of:

- (a) The balances of Business Money Facility loans of S\$135,000 (RM397,305) obtained in June 2014 for working capital purposes. The loan bear interest at a floating rate of 2% over prevailing rate per annum, which is the effective interest rate at the end of the reporting period of 10.0%;
- (b) The balances of Business Loans of S\$170,000 (RM441,031) obtained in April 2014 for working capital purposes. The loan bears interest at a fixed rate of 9.88% per annum, which is the effective interest rate at the end of the reporting period 9.88%;

24. Bank Borrowings (Cont'd)Term loan I

The term loans consist of:

- (c) The balances of Biz Power Term Loan of S\$111,000 (RM287,967) obtained in January 2014 for working capital purposes. The loan bear interest rate at a floating rate of 1.38% over prevailing rate per annum, which is the effective rate at the end of the reporting period 7.88%;
- (d) The balance of Business Term Loan of S\$60,000 (RM155,658) obtained in July 2010 for working capital purposes. The loan bear interest at a floating rate 1.12% over prevailing rate per annum, which is the effective interest rate at the end of the reporting period 13.12%;
- (e) The balances of Term Loan Facility of S\$80,000 (RM207,544) obtained in August 2012 for working capital purposes. The loan bears interest at a fixed rate of 7.50% per annum, which is the effective interest rate at the end of the reporting period 7.50%; and
- (f) The balances of Working Capital Facility of S\$100,000 (RM259,430) obtained in December 2012 for working capital purposes. The loan bears interest at a fixed rate of 7.50% per annum, which is the effective interest rate at the end of the reporting period 7.50%.

Term loan II

The term loan of RM300,000, RM200,000 and RM200,000 obtained from a local bank bears interest and is repayable as the following:

- (a) Interest at 7.30% per annum repayable by 60 monthly installments of RM5,983 each commencing November 2009;
- (b) Interest at 6.30% per annum repayable by 52 monthly installments of RM4,551 each commencing October 2011; and
- (c) Interest at 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing September 2014.

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

The term loan of RM200,000 is secured against facility agreement and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd (SJPP). It is also jointly and severally guaranteed by certain Directors of the Company.

Term loan III

The term loan is secured by way of a first legal charged on a freehold land and building of the Company at carrying amount of RM15,857,745. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

24. **Bank Borrowings (Cont'd)**

Term loan IV

The term loan bears interest rate at 0.80% per annum below the effective cost of fund of 63% per annum. The bank borrowings are secured by ways of:

- (a) Facility agreement;
- (b) A debenture over the subsidiary's fixed and floating assets, both moveable and immovable;
- (c) An assignment over lease agreement of the project land and building;
- (d) An assignment over Debt Service Reserve Account; and
- (e) Joint and several guarantee by all Directors at the Company and third party.

Term loan V and VI

The term loans consist of:

- (a) Term loan V: RMB3,000,000 (RM1,692,291) with fixed rate 6.0% for period of 8 months from July 2014 to March 2015.
- (b) Term loan VI: RMB500,000 (RM282,049) with fixed rate 6.0% for period of 9 months from Jun 2014 to March 2015.

All the above term loans are secured by the charge over the land use right and leasehold property of the subsidiary in People's Republic of China ("PRC"). These term loans were fully settled during the financial year.

Term loan VII and X

Term loan was denominated in RM, bore interest at 6.10% per annum. It was secured by the followings:

- (a) Deed of assignment of contract proceeds;
- (b) Debenture incorporating fixed and floating assets; and
- (c) Corporate guarantee by the Company.

Term loan VIII

The term loan is secured by way of a first legal charge on a freehold land and building of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

24. Bank Borrowings (Cont'd)Term loan IX

The term loans consist of:

- (a) RMB1,500,000 (RM992,549) with floating rate of 5.0% for period of 12 months from June 2015 to June 2016.
- (b) RMB2,000,000 (RM1,323,398) with floating rate of 5.0% for period of 12 months from March 2015 to March 2016.

The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in PRC.

Term loan XI

The term loan amounted to S\$ 3,500,000 (RM10,638,259) at floating rate of 2.75% over prevailing rate per annum. The term loan is secured by ways of:

- (a) Fixed deposit of S\$ 100,000 and interest accrued (RM2,551,660) of a subsidiary.
- (b) Corporate guarantee by the Company.

The term loan is repayable by monthly installments of S\$62,464 over 5 years

Bank overdraft

Bank overdraft is guaranteed by pledged of fixed deposit receipts in the name of the director and is jointly and severally guaranteed by certain Directors in their personal capacities.

Trust receipts

Invoice financing of S\$2,132,051 (RM5,643,752) for working capital purposes and bears interests at prevalent rate per annum and is jointly and severally guaranteed by certain Directors and corporate guarantee by the Company.

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Bank overdrafts	4.8 - 7.88	4.50 - 7.88	-	-
Trust receipts	8.90 - 9.20	8.85 - 9.10	-	-
Term loans	<u>6.50 - 13.20</u>	<u>6.30 - 13.20</u>	<u>7.75</u>	<u>7.60</u>

24. Bank Borrowings (Cont'd)

Maturity of bank borrowing is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Within one year	21,617,391	17,060,426	902,666	472,635
Between one year to two years	3,380,637	7,199,732	902,071	472,084
Between two years to five years	9,516,415	8,548,672	2,959,555	1,651,110
More than five years	8,541,116	4,838,363	8,416,503	7,341,840
	<u>43,055,559</u>	<u>37,647,193</u>	<u>13,180,795</u>	<u>9,937,669</u>

25. Deferred Tax Liabilities

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	4,590,348	1,179,988	-	33,000
Recognised in profit or loss (Note 32)	(1,520,349)	134,102	-	(33,000)
Arising from business combination	-	3,276,258	-	-
At 31 December	<u>3,069,999</u>	<u>4,590,348</u>	<u>-</u>	<u>-</u>

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax liabilities	5,720,341	4,626,290	-	-
Deferred tax assets	(2,650,342)	(35,942)	-	-
	<u>3,069,999</u>	<u>4,590,348</u>	<u>-</u>	<u>-</u>

25. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

Group	Intangible assets RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities			
At 1 January 2015	1,146,988	3,479,302	4,626,290
Recognised in profit or loss	-	1,094,051	1,094,051
At 31 December 2015	<u>1,146,988</u>	<u>4,573,353</u>	<u>5,720,341</u>
At 1 January 2014	1,146,988	33,000	1,179,988
Arising from business combination	-	3,276,258	3,276,258
Recognised in profit or loss	-	170,044	170,044
At 31 December 2014	<u>1,146,988</u>	<u>3,479,302</u>	<u>4,626,290</u>

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Depreciation in excess of capital allowances RM	Total RM
Deferred Tax Assets				
At 1 January 2015	-	(35,942)	-	(35,942)
Recognised in profit or loss	(36,200)	(2,571,200)	(7,000)	(2,614,400)
At 31 December 2015	<u>(36,200)</u>	<u>(2,607,142)</u>	<u>(7,000)</u>	<u>(2,650,342)</u>
At 1 January 2014	-	-	-	-
Recognised in profit or loss	-	(35,942)	-	(35,942)
At 31 December 2014	<u>-</u>	<u>(35,942)</u>	<u>-</u>	<u>(35,942)</u>

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	15,190,500	13,559,100	648,000	449,000
Unabsorbed capital allowances	3,470,200	6,939,000	402,000	109,000
	<u>18,660,700</u>	<u>20,498,100</u>	<u>1,050,000</u>	<u>558,000</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

26. Amount Due to Contract Customers

	Group	
	2015	2014
	RM	RM
Contract costs incurred to date	35,543,920	502,525
Attributable profits	17,748,500	212,900
	<u>53,292,420</u>	<u>715,425</u>
Less: Progress billings	(93,813,500)	(729,481)
Amount due to contract customers	<u>(40,521,080)</u>	<u>(14,056)</u>

27. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2014: 30 to 90 days).

28. Other Payables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other payables	6,139,220	6,402,350	184,967	207,322
Accruals	2,974,522	1,353,749	157,336	120,939
Deposits received	1,391,708	5,257,549	-	-
	<u>10,505,450</u>	<u>13,013,648</u>	<u>342,303</u>	<u>328,261</u>

29. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sales of goods	65,812,724	72,944,823	-	-
Rendering of services	102,691,570	94,033,370	-	-
Contract revenue	101,420,000	-	-	-
Training and seminar	129,125	279,529	-	-
Management fee	-	-	9,000,000	5,820,000
	<u>270,053,419</u>	<u>167,257,722</u>	<u>9,000,000</u>	<u>5,820,000</u>

30. Finance Costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
Bank overdrafts	22,438	62,197	-	-
Letter of credit	51,002	59,921	-	-
Trust receipts	242,348	251,170	-	-
Finance lease liabilities	131,454	88,936	-	6
Term loans	1,940,377	1,285,513	832,121	769,498
Others	118,925	-	-	-
	<u>2,506,544</u>	<u>1,747,737</u>	<u>832,121</u>	<u>769,504</u>

31. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived after charging/(crediting):

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Amortisation of:				
- Intangible assets	551,329	379,344	-	-
- Land use right	39,448	33,758	-	-
Auditors' remuneration				
- Statutory audits	450,437	300,774	62,000	52,000
- Under provision in prior year	19,300	-	6,000	-
- Non-audit services	25,000	105,000	25,000	105,000
Bad debts written off	17,987	-	-	-
Depreciation of property, plant and equipment	11,339,729	8,618,807	1,072,973	780,956
Non-Executive Directors' remuneration:				
- Fees	79,500	77,000	79,500	77,000
- Share-base payment	-	421,200	-	421,200
Loss on disposal of property, plant and equipment	(662)	17,901	-	-
Fair value adjustment on investment in securities	3,332,625	(3,309,363)	3,332,625	(3,309,363)
Loss/(Gain) on foreign exchange				
- realised	(107,074)	33,969	(4,093)	(44,148)
- unrealised	(155,892)	-	-	-

31. Profit/(Loss) Before Tax (Cont'd)

Profit/(Loss) before tax is derived after charging/(crediting)(Cont'd):

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Impairment loss on:				
- Trade receivables	-	118,706	-	-
- Other receivables	1,272	-	-	-
Inventories written down	66,123	-	-	-
Interest income	(362,699)	(181,556)	(113,646)	(122,271)
Property, plant and equipment written off	126,379	35,542	-	-
Waiver of amount due to trade payables	-	(437,587)	-	-
Rental of workshop	559,100	1,138,641	-	-
Rental of equipment	187,180	70,293	1,380	2,933
Rental of motor vehicles	94,736	45,878	-	-
Rental of premises	2,138,491	307,420	-	-
Reversal of impairment loss on:				
- Trade receivables	(18,376)	(72,234)	-	-
Rental income of premises	-	-	-	(990,662)

32. Taxation

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	10,808,772	6,243,025	-	335,864
- Foreign tax	-	17,757	-	-
(Over)/Under provision in prior year:				
- Malaysia income tax	(1,267,868)	309,734	(335,864)	(8,746)
- Foreign tax	69,447	(5,757)	-	-
	<u>9,610,351</u>	<u>6,564,759</u>	<u>(335,864)</u>	<u>327,118</u>
Deferred tax :				
Origination and reversal of temporary differences	(1,381,704)	(128,590)	-	(33,000)
(Over)/Under provision in prior year	(138,645)	262,692	-	-
	<u>(1,520,349)</u>	<u>134,102</u>	<u>-</u>	<u>(33,000)</u>
Tax expense for the the financial year	<u>8,090,002</u>	<u>6,698,861</u>	<u>(335,864)</u>	<u>294,118</u>

32. Taxation (Cont'd)

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before tax	<u>25,416,171</u>	<u>21,223,108</u>	<u>(4,868,359)</u>	<u>2,788,266</u>
Taxation at statutory tax rate of 25% (2014 : 25%)	6,332,817	5,305,777	(1,217,090)	697,067
Effects of tax rates in other countries	242,231	100,117	-	-
Income not subject to tax	(481,688)	(1,883,897)	-	(1,356,309)
Expenses not deductible for tax purposes	3,709,249	2,352,883	1,097,814	1,012,676
Share of results of associates and joint venture	65,435	234,587	-	-
Utilisation of previously unrecognised deferred tax assets	(832,512)	(132,465)	-	(50,570)
Deferred tax assets not recognised	391,536	155,190	119,276	-
(Over)/Under provision of deferred tax in prior year	(138,645)	262,692	-	-
(Over)/Under provision of income tax expense in prior year	<u>(1,198,421)</u>	<u>303,977</u>	<u>(335,864)</u>	<u>(8,746)</u>
Tax expense for the financial year	<u>8,090,002</u>	<u>6,698,861</u>	<u>(335,864)</u>	<u>294,118</u>

32. Taxation (Cont'd)

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unutilised tax losses	15,341,300	13,559,100	648,000	449,000
Unabsorbed capital allowances	14,333,300	7,083,200	402,000	109,000
	<u>29,674,600</u>	<u>20,642,300</u>	<u>1,050,000</u>	<u>558,000</u>

33. Earnings Per ShareBasic earnings per shares

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2015	2014
	RM	RM
Profit attributable to ordinary shareholders	<u>21,165,573</u>	<u>16,344,870</u>
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	799,421,328	493,390,000
Effect of ordinary shares issued during the financial year	<u>10,516,795</u>	<u>224,450,309</u>
Weighted average number of ordinary shares at 31 December	<u>809,938,123</u>	<u>717,840,309</u>
Basic earnings per ordinary shares (in sen)	<u>2.61</u>	<u>2.28</u>

33. Earnings Per Share (Cont'd)Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2015	2014
	RM	RM
Profit attributable to ordinary shareholders of the Company (diluted)	<u>21,165,573</u>	<u>16,344,870</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	809,938,123	717,840,309
Adjusted for:		
Assumed exercise of warrants at no consideration	77,092,780	-
Assumed exercise of ESOS at no consideration	<u>-</u>	<u>3,756,071</u>
Weighted average number of ordinary shares at 31 December (diluted)	<u>887,030,903</u>	<u>721,596,380</u>
Diluted earnings per shares (in sen)	<u>2.39</u>	<u>2.27</u>

34. Staff Costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries, wages and other emoluments	31,796,743	37,196,032	4,072,352	3,636,994
Social security contribution	233,910	248,681	27,153	27,066
Defined contribution plan	3,069,709	3,634,618	527,539	410,349
Share-based payment	-	1,817,526	-	1,817,526
Other benefits	1,603,832	1,978,521	257,474	234,075
	<u>36,704,194</u>	<u>44,875,378</u>	<u>4,884,518</u>	<u>6,126,010</u>

34. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group and Company	
	2015	2014
	RM	RM
Executive Directors		
Salaries and other emoluments	930,000	828,000
Defined contribution plan	109,200	99,360
Share-based payment	-	358,518
	<u>1,039,200</u>	<u>1,285,878</u>

35. Related Party Disclosures**(a) Identifying related parties**

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2015	2014
	RM	RM
Transactions with subsidiaries		
Rental income	-	990,662
Management fee received/receivables	<u>9,000,000</u>	<u>5,820,000</u>

35. Related Party Disclosures (Cont'd)**(c) Compensation of key management personnel**

Remuneration of Directors and other member of key management personnel are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short-term employees benefits				
- Salaries and other emoluments	5,955,901	3,138,196	1,090,500	905,000
- Fees	79,500	77,000	79,500	77,000
- EPF	619,951	366,735	109,200	99,360
- Share-base payment	-	922,490	-	922,490
	6,655,352	3,581,931	1,279,200	1,081,360

36. Segment Information

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis.

The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, marine, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Recycling of waste	Extraction and recycling of waste tires for the production of carbon black, diesel fuel and scrap metal

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment total asset is used to measure the return of assets of each segment.

36. Segment Information (Cont'd)

	Maintenance, repair, overhaul and training RM	Recycling of waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
2015					
Revenue					
External customers	269,236,302	817,117	270,053,419	-	270,053,419
Inter-segment sales	103,582,318	-	103,582,318	(103,582,318)	-
Total revenue	<u>372,818,620</u>	<u>817,117</u>	<u>373,635,737</u>	<u>(103,582,318)</u>	<u>270,053,419</u>
Results					
Interest income	362,699	-	362,699	-	362,699
Finance costs	(2,388,488)	(118,056)	(2,506,544)	-	(2,506,544)
Depreciation of property, plant and equipment	(9,763,341)	(1,576,388)	(11,339,729)	-	(11,339,729)
Amortisation of intangible assets	(551,329)	-	(551,329)	-	(551,329)
Amortisation of land use right	(39,448)	-	(39,448)	-	(39,448)
Fair value adjustment on investment in securities	(3,332,625)	-	(3,332,625)	-	(3,332,625)
Other non-cash items	(476,160)	-	(476,160)	512,991	36,831
Share of results of associates and joint venture	(241,711)	-	(241,711)	-	(241,711)
Segment profit/(loss)	42,384,004	(2,091,251)	40,292,753	(802,231)	39,490,522
Segment assets	<u>755,904,571</u>	<u>9,205,163</u>	<u>765,109,734</u>	<u>(266,289,026)</u>	<u>498,820,708</u>
Included in the measurement of segment assets are:					
Capital expenditure	118,353,830	1,154,452	119,508,282	-	119,508,282
Investment in associates and joint venture	560,271	-	560,271	(241,711)	318,560
Segment liabilities	<u>389,403,150</u>	<u>10,357,221</u>	<u>399,760,371</u>	<u>(251,369,404)</u>	<u>148,390,967</u>
Other non-cash expenses/(income)					
Bad debts written off	17,987	-	17,987	-	17,987
Gain on disposal of property, plant and equipment	(662)	-	(662)	-	(662)
Impairment loss on receivables	1,272	-	1,272	-	1,272
Inventories written down	66,123	-	66,123	-	66,123
Property, plant and equipment written off	126,379	-	126,379	-	126,379
Reversal of impairment loss on receivables	(531,367)	-	(531,367)	512,991	(18,376)
Unrealised gain on foreign exchange	(155,892)	-	(155,892)	-	(155,892)

36. Segment Information (Cont'd)

	Maintenance, repair, overhaul and training RM	Recycling of Waste RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
2014					
Revenue					
External customers	166,855,073	402,649	167,257,722	-	167,257,722
Inter-segment sales	1,606,889	-	1,606,889	(1,606,889)	-
Total revenue	<u>168,461,962</u>	<u>402,649</u>	<u>168,864,611</u>	<u>(1,606,889)</u>	<u>167,257,722</u>
Results					
Interest income	181,556	-	181,556	-	181,556
Finance costs	(1,570,453)	(177,284)	(1,747,737)	-	(1,747,737)
Depreciation of property, plant and equipment	(7,461,023)	(1,157,784)	(8,618,807)	-	(8,618,807)
Amortisation of intangible assets	(379,344)	-	(379,344)	-	(379,344)
Amortisation of land use right	(33,758)	-	(33,758)	-	(33,758)
Fair value adjustment on investment in securities	(3,212,848)	-	(3,212,848)	-	(3,212,848)
Other non-cash items	199,915	-	199,915	(100,000)	99,915
Share of results of associates	(938,348)	-	(938,348)	-	(938,348)
Segment profit/(loss)	<u>33,037,537</u>	<u>(377,990)</u>	<u>32,659,547</u>	<u>(838,349)</u>	<u>31,821,198</u>
Segment assets	<u>486,173,074</u>	<u>12,199,428</u>	<u>498,372,502</u>	<u>(154,781,855)</u>	<u>343,590,647</u>
Included in the measurement of segment assets are:					
Capital expenditure	<u>119,253,086</u>	<u>282,410</u>	<u>119,535,496</u>	<u>-</u>	<u>119,535,496</u>
Segment liabilities	<u>230,218,608</u>	<u>9,565,791</u>	<u>239,784,399</u>	<u>(151,740,219)</u>	<u>88,044,180</u>
Other non-cash expenses/(income)					
Impairment loss on receivables	218,706	-	218,706	(100,000)	118,706
Reversal of impairment loss on receivables	(72,234)	-	(72,234)	-	(72,234)
Loss on disposal of property, plant and equipment	17,901	-	17,901	-	17,901
Property, plant and equipment written off	<u>35,542</u>	<u>-</u>	<u>35,542</u>	<u>-</u>	<u>35,542</u>

36. Segment Information (Cont'd)**(a) Adjustments and eliminations**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2015	2014	2015	2014
	RM	RM	RM	RM
Group				
Malaysia	225,483,213	128,237,741	242,748,547	133,592,364
Singapore	44,570,206	39,019,981	51,507,797	48,659,290
	<u>270,053,419</u>	<u>167,257,722</u>	<u>294,256,344</u>	<u>182,251,654</u>

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

	2015	2014
	RM	RM
Group		
Property, plant and equipment	94,918,678	69,088,807
Investment in associates	64,541	-
Investment in joint venture	318,560	-
Intangible assets	196,734,315	111,245,436
Land use right	1,900,250	1,637,411
Other investment	320,000	280,000
	<u>294,256,344</u>	<u>182,251,654</u>

(c) Major customer

Revenue from one major customer amounted to RM104,279,750 (2014: RM72,197,208) arising from sales by the maintenance, repair, overhaul and training segment.

37. Financial Instruments**(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2015				
Financial Assets				
Investment in securities	2,443,925	-	-	2,443,925
Trade receivables	-	118,679,386	-	118,679,386
Other receivables	-	19,959,835	-	19,959,835
Amount due from joint venture	-	590,761	-	590,761
Fixed deposits with licensed banks	-	31,815,847	-	31,815,847
Cash and bank balances	-	12,063,998	-	12,063,998
	<u>2,443,925</u>	<u>183,109,827</u>	<u>-</u>	<u>185,553,752</u>
Financial Liabilities				
Trade payables	-	-	35,228,272	35,228,272
Other payables	-	-	10,505,450	10,505,450
Finance lease liabilities	-	-	3,005,343	3,005,343
Bank borrowings	-	-	43,055,559	43,055,559
	<u>-</u>	<u>-</u>	<u>91,794,624</u>	<u>91,794,624</u>

37. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Group				
2014				
Financial Assets				
Investment in securities	5,776,550	-	-	5,776,550
Trade receivables	-	68,404,571	-	68,404,571
Other receivables	-	25,742,432	-	25,742,432
Amount due from a Director	-	284,682	-	284,682
Fixed deposits with licensed banks	-	12,525,018	-	12,525,018
Cash and bank balances	-	26,022,799	-	26,022,799
	<u>5,776,550</u>	<u>132,979,502</u>	<u>-</u>	<u>138,756,052</u>
Financial Liabilities				
Trade payables	-	-	23,447,936	23,447,936
Other payables	-	-	13,013,648	13,013,648
Finance lease liabilities	-	-	1,248,770	1,248,770
Bank borrowings	-	-	37,647,193	37,647,193
	<u>-</u>	<u>-</u>	<u>75,357,547</u>	<u>75,357,547</u>

37. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Other financial liabilities at amortised costs RM	Total RM
Company				
2015				
Financial Assets				
Investment in securities	2,443,925	-	-	2,443,925
Other receivables	-	298,280	-	298,280
Amount due from subsidiaries	-	151,394,246	-	151,394,246
Fixed deposits with licensed banks	-	14,006,214	-	14,006,214
Cash and bank balances	-	527,813	-	527,813
	<u>2,443,925</u>	<u>166,226,553</u>	<u>-</u>	<u>166,226,553</u>
Financial Liabilities				
Other payables	-	-	342,303	342,303
Bank borrowings	-	-	13,180,795	13,180,795
	<u>-</u>	<u>-</u>	<u>13,523,098</u>	<u>13,523,098</u>
2014				
Financial Assets				
Investment in securities	5,776,550	-	-	5,776,550
Other receivables	-	7,919,288	-	7,919,288
Amount due from subsidiaries	-	107,202,217	-	107,202,217
Fixed deposits with licensed banks	-	5,087,865	-	5,087,865
Cash and bank balances	-	1,355,878	-	1,355,878
	<u>5,776,550</u>	<u>121,565,248</u>	<u>-</u>	<u>127,341,798</u>
Financial Liabilities				
Other payables	-	-	328,261	328,261
Amount due to subsidiaries	-	-	26,275,791	26,275,791
Bank borrowings	-	-	9,937,669	9,937,669
	<u>-</u>	<u>-</u>	<u>36,541,721</u>	<u>36,541,721</u>

37. 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, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM23,342,428 (2014: RM18,794,262), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Save as disclosed in Note 36(c), the Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

37. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)****(i) Credit risk (Cont'd)**Financial guarantee

The Group provides secured bank guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM39,990,746 (2014: RM10,610,109). There was no indication that the guarantee will be called upon.

Intercompany loan advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

37. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2015						
Non-derivative financial liabilities						
Trade payables	35,228,272	-	-	-	35,228,272	35,228,272
Other payables	10,505,450	-	-	-	10,505,450	10,505,450
Finance lease liabilities	751,934	714,509	1,712,343	184,016	3,362,802	3,005,343
Bank borrowings	22,914,434	3,798,484	11,334,203	11,429,940	49,477,061	43,055,559
Financial guarantees	39,990,746	-	-	-	39,990,746	-
	<u>109,390,836</u>	<u>4,512,993</u>	<u>13,046,546</u>	<u>11,613,956</u>	<u>138,564,331</u>	<u>91,794,624</u>
2014						
Non-derivative financial liabilities						
Trade payables	23,447,936	-	-	-	23,447,936	23,447,936
Other payables	13,013,648	-	-	-	13,013,648	13,013,648
Finance lease liabilities	279,066	292,620	623,035	250,251	1,444,972	1,248,770
Bank borrowings	17,510,426	7,349,732	8,848,672	5,338,363	39,047,193	37,647,193
Financial guarantees	10,610,109	-	-	-	10,610,109	-
	<u>64,861,185</u>	<u>7,642,352</u>	<u>9,471,707</u>	<u>5,588,614</u>	<u>87,563,858</u>	<u>75,357,547</u>

37. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2015						
Non-derivative financial liabilities						
Other payables	342,303	-	-	-	342,303	342,303
Bank borrowings	1,848,890	1,730,537	5,069,100	9,751,757	18,400,284	13,180,795
Financial guarantees	23,342,428	-	-	-	23,342,428	-
	<u>25,533,621</u>	<u>1,730,537</u>	<u>5,069,100</u>	<u>9,751,757</u>	<u>42,085,015</u>	<u>13,523,098</u>
2014						
Non-derivative financial liabilities						
Other payables	328,261	-	-	-	328,261	328,261
Amount due to subsidiaries	26,275,791	-	-	-	26,275,791	26,275,791
Bank borrowings	1,175,208	1,175,208	3,525,624	8,989,071	14,865,111	9,937,669
Financial guarantees	18,794,262	-	-	-	18,794,262	-
	<u>46,573,522</u>	<u>1,175,208</u>	<u>3,525,624</u>	<u>8,989,071</u>	<u>60,263,425</u>	<u>36,541,721</u>

37. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risks****(a) Foreign currency risk**

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (“USD”), Euro (“EUR”), Renminbi (“RMB”) and Great Britain Pound (“GBP”).

The carrying amounts of the Group’s foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD	Denominated in		
	RM	EUR	RMB	GBP
		RM	RM	RM
Group				
2015				
Trade receivables	10,732,351	-	1,751,849	-
Other receivables	137,541	-	-	-
Cash and bank				
balances	1,628,309	-	-	-
Trade payables	(6,105,777)	(40,313)	-	-
Other payables	(1,543,208)	(721,027)	-	-
	<u>4,849,216</u>	<u>(761,340)</u>	<u>1,751,849</u>	<u>-</u>
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)	-	-
	<u>4,710,462</u>	<u>(382,733)</u>	<u>-</u>	<u>(645,737)</u>

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

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

37. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risks (Cont'd)****(a) Foreign currency risk (Cont'd)**

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

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

37. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

	2015	2014
	RM	RM
Group		
Financial Liability		
Bank borrowings	<u>43,055,559</u>	<u>37,647,193</u>
Company		
Financial Liability		
Bank borrowings	<u>13,180,795</u>	<u>9,937,669</u>

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have decreased the Group' and the Company's profit before tax by RM107,639 (2014: RM94,118) and RM32,952 (2014: RM24,844) respectively, arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

37. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risks (Cont'd)****(c) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or foreign exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher / lower, with all other variables held constant, the Group's profit before tax would have been RM244,392 (2014: RM577,655) higher / lower, arising as a result of higher / lower fair value gain on held for trading investment in equity instrument.

(c) Fair values of financial instruments

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

37. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried				Fair value of financial instruments not carried				Total fair value RM	Carrying amount RM
	at fair value				at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group										
2015										
Financial Asset										
Investment in securities	2,443,925	-	-	2,443,925	-	-	-	-	2,443,925	2,443,925
Financial Liability										
Finance leases liabilities	-	-	-	-	-	2,483,232	-	2,483,232	2,483,232	2,383,120
2014										
Financial Asset										
Investment in securities	5,776,550	-	-	5,776,550	-	-	-	-	5,776,550	5,776,550
Financial Liability										
Finance leases liabilities	-	-	-	-	-	1,138,485	-	1,138,485	1,138,485	1,028,162

37. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried				Fair value of financial instruments not carried				Total fair value RM	Carrying amount RM
	at fair value				at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Company 2015										
Financial Asset										
Investment in securities	2,443,925	-	-	2,443,925	-	-	-	-	2,443,925	2,443,925
2014										
Financial Asset										
Investment in securities	5,776,550	-	-	5,776,550	-	-	-	-	5,776,550	5,776,550

37. Financial Instruments (Cont'd)**(c) Fair values of financial instruments (Cont'd)****(i) Policy on transfer between levels**

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

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

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

38. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows

	2015	2014
	RM	RM
Total loans and borrowings	46,060,902	38,895,963
Less: Deposits, bank and cash balances	<u>(43,879,845)</u>	<u>(38,547,817)</u>
Net debt	<u>2,181,057</u>	<u>348,146</u>
Total equity	<u>350,681,670</u>	<u>248,057,488</u>
Gearing ratio	<u>62%</u>	<u>14%</u>

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

The Group is not subject to any externally imposed capital requirements.

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 April 2016.

40. Supplementary Information On The Disclosure Of Realised And Unrealised Profits Or Losses

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company as at reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2015 is analysed as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total retained profits /(accumulated losses) of the Company and its subsidiaries				
- realised	21,302,252	4,237,295	(2,794,509)	849,932
- unrealised	(5,255,636)	(134,102)	-	-
Total accumulated losses from associates and joint venture				
- realised	(496,846)	(1,255,135)	-	-
- unrealised	-	-	-	-
	<u>15,549,770</u>	<u>2,848,058</u>	<u>(2,794,509)</u>	<u>849,932</u>
Less : Consolidation adjustments	<u>35,752,396</u>	<u>33,334,335</u>	<u>-</u>	<u>-</u>
Total retained profits /(accumulated losses)	<u>51,302,166</u>	<u>36,182,393</u>	<u>(2,794,509)</u>	<u>849,932</u>

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.