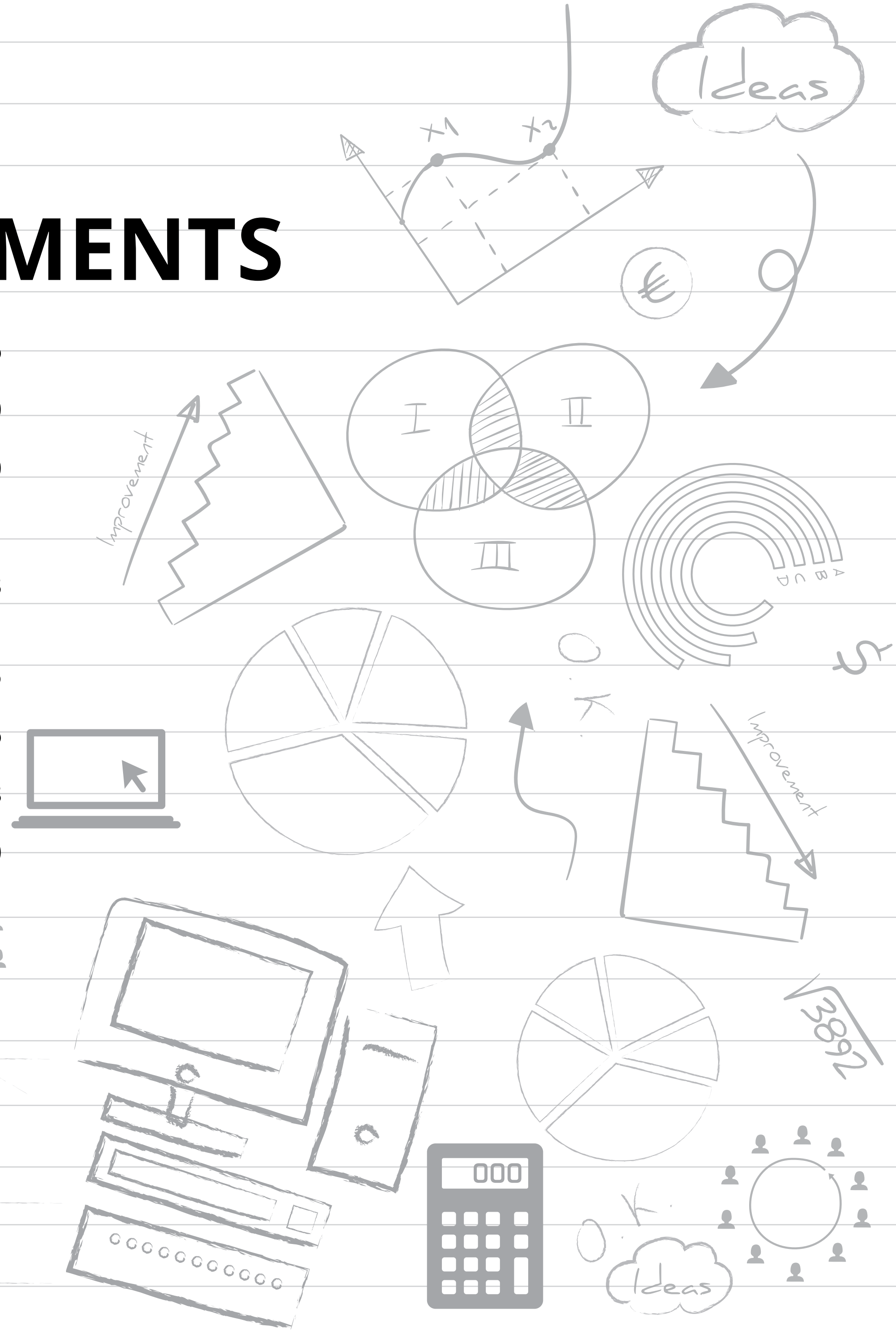
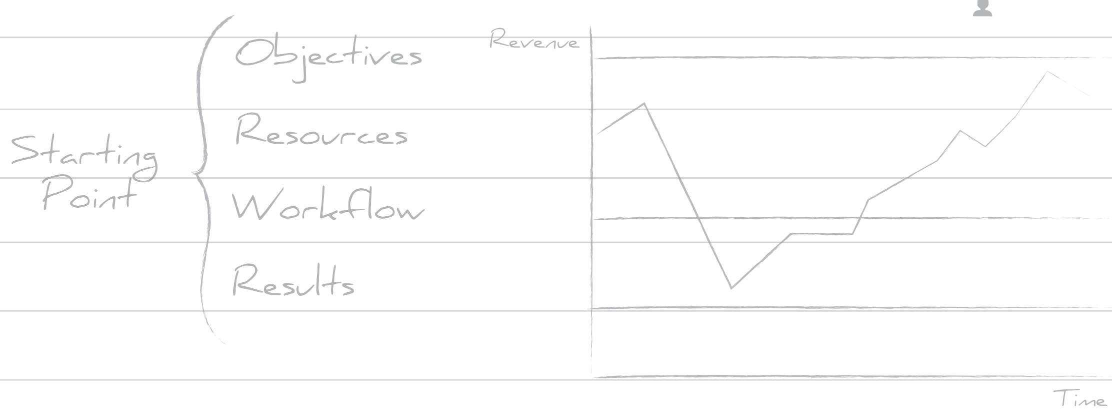
FINANCIAL STATEMENTS





DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	5,542,463	1,967,870
Attributable to :-		
- Owners of the Company	5,556,833	1,967,870
- Non-controlling interests	(14,370)	-
	5,542,463	1,967,870

RESERVES AND PROVISIONS

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

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year ended 31 December 2015.

DIRECTORS

The names of the Directors in office since the date of the last directors' report are as follows :-

Dato' Mohsin Abdul Halim
Zahari Bin Hamzah
Joel Emanuel Heaney
Mallek Rizal Bin Mohsin
Chau Sik Cheong
Lokman Razani Bin Abdul Razak
Muhammad 'Asri Bin Mohd Rafa'i

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interest of Directors who held office at the end of financial year in shares in the Company or its related corporations during the financial year were as follows :-

	Number of Ordinary Shares of RM0.50 each			
	Balance at 01.01.2015	During the year Acquired	During the year Disposed	Balance at 31.12.2015
The Company				
Dato' Mohsin Abdul Halim				
- Direct	25,288,887	-	-	25,288,887
- Indirect	9,078,396	-	(1,577,500)	7,500,896
Zahari Bin Hamzah				
- Direct	14,985,466	150,000	-	15,135,466
Joel Emanuel Heaney				
- Direct	10,392,200	-	(100,000)	10,292,200
Mallek Rizal Bin Mohsin				
- Direct	9,078,396	-	(1,577,500)	7,500,896
- Indirect	25,288,887	-	-	25,288,887
Lokman Razani Bin Abdul Razak				
- Direct	124,166	30,000	(20,000)	134,166

	Number of warrants with an exercise price of RM0.86 per ordinary share			
	Balance at 01.01.2015	During the year Acquired	During the year Disposed	Balance at 31.12.2015
Dato' Mohsin Abdul Halim				
- Direct	4,841,232	-	-	4,841,232
Zahari Bin Hamzah				
- Direct	3,282,200	-	-	3,282,200
Mallek Rizal Bin Mohsin				
- Indirect	4,841,232	-	-	4,841,232
Lokman Razani Bin Abdul Razak				
- Direct	26,200	-	-	26,200

By virtue of their substantial interests in shares in the Company, Dato' Mohsin Abdul Halim and Encik Mallek Rizal Bin Mohsin are also deemed to be interested in shares of its subsidiaries to the extent of interests held by the Company.

Except as disclosed above, none of the other Directors in office at the end of the financial year held any interests, direct or indirect, in shares and warrants of the Company and shares in its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 26 to the financial statements.

As at the end of the financial year and during the year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate other than the warrants issued.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

(i) to ascertain that proper 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 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 have been written down to an amount which they might be expected so to realise.

(b) As 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 and the amount of allowance made for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

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

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

(iv) 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.

(c) As at the date of this report, there does not exist :-

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

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

OTHER STATUTORY INFORMATION (continued)

(d) In the opinion of the Directors :-

(i) no contingent or other liability 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 Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

On behalf of the Board of Directors,

Joel Emanuel Heaney
Director

Zahari Bin Hamzah
Director

This report is made pursuant to the directors' resolution passed on 21 March 2016.

Date : 21 March 2016

STATEMENT BY DIRECTORS

We, **Joel Emanuel Heaney and Zahari Bin Hamzah**, being two of the Directors of **HANDAL RESOURCES BERHAD**, do hereby state that in the opinion of the Directors, the financial statements set out on pages 53 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the results of operations and cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 36 to the financial statements on page 122 have been prepared 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, issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the directors,

Joel Emanuel Heaney
Director

Zahari Bin Hamzah
Director

Date : 21 March 2016

STATUTORY DECLARATION

I, **Mallek Rizal Bin Mohsin**, being the Director primarily responsible for the financial management of **HANDAL RESOURCES BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 53 to 121 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)
Mallek Rizal Bin Mohsin at Kuala Lumpur in the Federal)
Territory this 21 March 2016)

Mallek Rizal Bin Mohsin

Before me,

Commissioner for Oath

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HANDAL RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of **HANDAL RESOURCES 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as 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 for our audit opinion.

Opinion

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

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 which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of all 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.

(c) 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 36 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 Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. The financial statements of the Group and the Company for the year ended 31 December 2014, were audited by another firm of auditors who expressed an unmodified opinion on those statements on 15 April 2015.

2. 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.

FOLKS DFK & CO.
FIRM NO. : AF 0502
CHARTERED ACCOUNTANTS

NG ENG KIAT
NO. : 1064/03/17 (J/PH)
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 21 March 2016

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**59,461,170**	64,670,341	**2,188,190**	78,918
Intangible assets	5	**12,033,870**	12,033,870	**-**	-
Investment in subsidiary companies	6	**-**	-	**62,562,937**	57,667,804
		71,495,040	76,704,211	**64,751,127**	57,746,722
Current Assets					
Inventories	7	**12,149,400**	9,536,102	**-**	-
Work-in-progress		**5,265,451**	8,100,336	**-**	-
Trade and other receivables	8	**52,354,035**	51,675,768	**16,731,621**	24,442,506
Other current assets	9	**10,999,023**	4,605,958	**2,860**	6,838
Other investment	10	**2,977,161**	15,208	**2,977,161**	15,208
Tax recoverable		**222,107**	37,943	**31,610**	37,943
Fixed deposits, cash and bank balances	11	**20,824,881**	19,798,759	**110,175**	151,539
		104,792,058	93,770,074	**19,853,427**	24,654,034
Total Assets		**176,287,098**	170,474,285	**84,604,554**	82,400,756

The annexed Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	**80,000,000**	80,000,000	**80,000,000**	80,000,000
Reserves	13	**32,389,613**	26,912,827	**3,771,515**	1,803,645
		112,389,613	106,912,827	**83,771,515**	81,803,645
Non-controlling interests		**2,297**	(63,380)	**-**	-
Total Equity		**112,391,910**	106,849,447	**83,771,515**	81,803,645
Non-Current Liabilities					
Loans and borrowings	14	**5,700,628**	9,283,949	**-**	-
Deferred tax liabilities	15	**4,177,466**	3,370,366	**20,966**	20,966
		9,878,094	12,654,315	**20,966**	20,966
Current Liabilities					
Trade and other payables	16	**18,498,167**	20,245,148	**812,073**	576,145
Other current liabilities	17	**326,968**	4,246,297	**-**	-
Loans and borrowings	14				
- Bank overdrafts		**14,116,928**	4,988,712	**-**	-
- Loans and other borrowings		**16,663,930**	18,498,972	**-**	-
Taxation		**4,411,101**	2,991,394	**-**	-
		54,017,094	50,970,523	**812,073**	576,145
Total Liabilities		**63,895,188**	63,624,838	**833,039**	597,111
Total Equity and Liabilities		**176,287,098**	170,474,285	**84,604,554**	82,400,756

The annexed Notes form an integral part of the financial statements.

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

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Continuing operations					
Revenue	18	**114,619,664**	123,027,724	**13,000,000**	-
Cost of sales	19	**(68,944,554)**	(76,153,744)	**-**	-
Gross profit		**45,675,110**	46,873,980	**13,000,000**	-
Other income		**3,131,244**	1,360,601	**114,105**	34,084
Administrative expenses		**(26,156,746)**	(28,094,460)	**(3,177,296)**	(2,521,863)
Selling and distribution expenses		**(233,409)**	(189,729)	**-**	-
Other expenses		**(8,561,980)**	(5,419,224)	**(7,968,939)**	(498,212)
Profit/(Loss) from operations		**13,854,219**	14,531,168	**1,967,870**	(2,985,991)
Finance costs		**(2,425,941)**	(2,503,536)	**-**	-
Profit/(Loss) before taxation	20	**11,428,278**	12,027,632	**1,967,870**	(2,985,991)
Taxation	21	**(5,403,727)**	(5,677,235)	**-**	20,935
Profit/(Loss) from continuing operations		**6,024,551**	6,350,397	**1,967,870**	(2,965,056)
Discontinued operation					
Loss from discontinued operation	22	**(482,088)**	(130,272)	**-**	-
Profit/(Loss) for the year and total comprehensive income/(loss)		**5,542,463**	6,220,125	**1,967,870**	(2,965,056)
Profit/(Loss) for the year and total comprehensive income/(loss) attributable to :					
Owners of the Company		**5,556,833**	6,288,391	**1,967,870**	(2,965,056)
Non-controlling interests		**(14,370)**	(68,266)	**-**	-
		5,542,463	6,220,125	**1,967,870**	(2,965,056)

The annexed Notes form an integral part of the financial statements.

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

	Attributable to Owners of the Company						
	Non - distributable			Distributable			
	Share capital RM	Share premium RM	Warrant reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total RM
Group							
At 1 January 2015	**80,000,000**	**28,992**	**2,660,465**	**24,223,370**	**106,912,827**	**(63,380)**	**106,849,447**
Total comprehensive income for the year							
- Profit for the year	**-**	**-**	**-**	**5,556,833**	**5,556,833**	**(14,370)**	**5,542,463**
Effect of subscription of additional shares in subsidiary	**-**	**-**	**-**	**(80,047)**	**(80,047)**	**80,047**	**-**
Balance at 31 December 2015	**80,000,000**	**28,992**	**2,660,465**	**29,700,156**	**112,389,613**	**2,297**	**112,391,910**
At 1 January 2014	80,000,000	28,992	2,660,465	17,934,979	100,624,436	4,886	100,629,322
Total comprehensive income for the year							
- Profit for the year	-	-	-	6,288,391	6,288,391	(68,266)	6,220,125
Balance at 31 December 2014	**80,000,000**	**28,992**	**2,660,465**	**24,223,370**	**106,912,827**	**(63,380)**	**106,849,447**

The annexed Notes form an integral part of the financial statements.

	Attributable to Owners of the Company				
	Non - distributable			Distributable	
	Share capital RM	Share premium RM	Warrant reserve RM	Retained profits RM	Total RM
Company					
At 1 January 2015	**80,000,000**	**28,992**	**2,660,465**	**(885,812)**	**81,803,645**
Total comprehensive income for the year					
- Profit for the year	**-**	**-**	**-**	**1,967,870**	**1,967,870**
Balance at 31 December 2015	**80,000,000**	**28,992**	**2,660,465**	**1,082,058**	**83,771,515**
At 1 January 2014	80,000,000	28,992	2,660,465	2,079,244	84,768,701
Total comprehensive income for the year					
- Loss for the year	-	-	-	(2,965,056)	(2,965,056)
At 31 December 2014	**80,000,000**	**28,992**	**2,660,465**	**(885,812)**	**81,803,645**

The annexed Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from operating activities				
Profit/(Loss) before taxation				
- Continuing operations	**11,428,278**	12,027,632	**1,967,870**	(2,985,991)
- Discontinued operation	**(485,774)**	2,994	**-**	-
Adjustments for :-				
Depreciation of property, plant and equipment	**3,191,900**	3,579,100	**22,643**	26,088
Dividend income	**(13)**	(3,960)	**(13,000,013)**	(3,960)
Net fair value gain on financial asset held for trading	**(109,506)**	(20,069)	**(109,506)**	(20,069)
Gain on disposal of quoted non-equity investments	**(3,606)**	(5,212)	**(3,606)**	(5,212)
Interest income	**(401,415)**	(481,538)	**(980)**	(4,843)
Interest expense	**2,425,941**	2,503,536	**-**	-
Impairment of :				
- investment in subsidiary companies	**-**	-	**7,939,002**	498,212
- amount owing by subsidiary companies	**-**	-	**29,937**	-
- goodwill on consolidation	**-**	298,666	**-**	-
- property, plant and equipment	**5,404,235**	3,400,000	**-**	-
- trade receivables	**25,080**	347,305	**-**	-
Writeback of impairment loss on receivables	**(144,009)**	-	**-**	-
(Gain)/Loss on disposal of property, plant and equipment	**(2,123,391)**	-	**136**	-
Loss on disposal of subsidiary	**149,554**	-	**481,788**	-
Written off :				
- investment in jointly controlled entity	**-**	747	**-**	-
- property, plant and equipment	**13,227**	3,542	**-**	-
- work-in-progress	**-**	314,855	**-**	-
Net unrealised gain on foreign exchange	**(28,305)**	(11,631)	**-**	-
Operating profit/(loss) before working capital changes	**19,342,196**	21,955,967	**(2,672,729)**	(2,495,775)
(Increase)/Decrease in inventories	**(2,715,907)**	23,847	**-**	-
Decrease in work-in-progress	**2,834,885**	9,084,451	**-**	-
(Increase)/Decrease in receivables	**(457,017)**	(17,537,990)	**7,369,002**	(3,820,415)
Increase in amount due from contract customers	**(6,541,341)**	(3,276,727)	**-**	-
(Decrease)/Increase in payables	**(1,746,983)**	4,628,203	**235,929**	349,677
(Decrease)/Increase in amount due to contract customers	**(3,919,329)**	1,625,812	**-**	-
Cash generated from/(used in) operations carried forward	**6,796,504**	16,503,563	**4,932,202**	(5,966,513)

The annexed Notes form an integral part of the financial statements.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities				
Cash generated from/(used in) operations brought forward	**6,796,504**	16,503,563	**4,932,202**	(5,966,513)
Tax paid	**(3,409,778)**	(2,175,006)	**(31,610)**	(25,288)
Tax refunded	**52,380**	480,847	**37,943**	20,618
Net cash from/(used in) operating activities	**3,439,106**	14,809,404	**4,938,535**	(5,971,183)
Cash flows from investing activities				
Dividend received	**13**	3,960	**13**	3,960
Interest received	**401,415**	481,538	**980**	4,843
Net (acquisition)/proceeds from disposal of quoted non-equity investments	**(2,848,843)**	5,365,883	**(2,848,843)**	5,365,883
(Placement)/Withdrawal of fixed deposits	**(393,470)**	2,347,112	**-**	-
Proceeds from disposal of property, plant and equipment	**4,545,529**	105,379	**1**	-
Disposal of subsidiary company (Note 22)	**(48)**	-	**2**	-
Purchase of property, plant and equipment (Note 4)	**(5,823,267)**	(9,531,918)	**(2,132,052)**	(9,348)
Net cash (used in)/from investing activities	**(4,118,671)**	(1,228,046)	**(4,979,899)**	5,365,338
Cash flows from financing activities				
Interest paid	**(2,425,941)**	(2,503,536)	**-**	-
Net drawdown of bankers' acceptances and other banking facilities	**2,735,917**	1,884,650	**-**	-
Repayment of hire purchase	**(120,152)**	(131,927)	**-**	-
Repayment of term loan	**(8,034,128)**	(7,789,209)	**-**	-
Net cash used in financing activities	**(7,844,304)**	(8,540,022)	**-**	-
Net (decrease)/increase in cash and cash equivalents	**(8,523,869)**	5,041,336	**(41,364)**	(605,845)
Currency translation difference	**28,305**	11,631	**-**	-
Cash and cash equivalents at beginning of year	**3,055,812**	(1,997,155)	**151,539**	757,384
Cash and cash equivalents at end of year (Note 11)	**(5,439,752)**	3,055,812	**110,175**	151,539

The annexed Notes form an integral part of the financial statements.

1. GENERAL INFORMATION

Handal Resources Berhad is a public company limited by shares, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

Its registered office is located at No. 25-6, Jalan PJU7/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan and principal places of business are located at Lot PT7358, Kawasan Perindustrian Teluk Kalong, Mukim Teluk Kalong, 24007 Kemaman, Terengganu Darul Iman, Malaysia and No. 16C, Jalan 51A/225, 46100 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of directors on 21 March 2016.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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 provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 2.2.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective from the beginning of the current financial year:-

Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle" comprising :
- Amendment to MFRS 2, Share-based Payment
- Amendment to MFRS 3, Business Combinations
- Amendment to MFRS 8, Operating Segments
- Amendment to MFRS 13, Fair Value Measurement
- Amendment to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets
- Amendment to MFRS 124, Related Party Disclosures

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle" comprising :
- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 3, Business Combinations
- Amendments to MFRS 13, Fair Value Measurement
- Amendment to MFRS 140, Investment Property

Amendments to MFRS 119, Defined Benefits Plan : Employee Contributions

The Amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered.

If the amount of contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit i.e. either based on the plan's contribution formula or on a straight-line basis.

The adoption of the above amendments to MFRSs did not have any material impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted

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

Effective for annual periods beginning on or after 1 January 2016
MFRS 14, Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities : Applying the Consolidation Exception
Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 - Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127 - Equity Method in Separate Financial Statements
Amendments to MFRSs Classified as “Annual Improvements to MFRSs 2012 - 2014 Cycle”

Effective for annual periods beginning on or after 1 January 2018
MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)
MFRS 15, Revenue from Contracts with Customers

Effective for annual periods beginning on or after a date to be determined by MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures

The Group and the Company will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. The main features of these new standards and amendments to standards are summarised below :-

(a) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

The Amendments provide additional guidance on how depreciation of property, plant and equipment and amortisation of intangible assets should be calculated.

MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The Amendments to MFRS 116 prohibit revenue-based depreciation on the basis that revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on revenue generated by an activity that includes the use of an intangible asset is inappropriate. The presumption can be overcome only in the limited circumstances (i) in which the intangible asset is expressed as a measure of revenue i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or (ii) when it can be demonstrated that revenue and the consumption of the economic benefits of intangible asset are highly correlated.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (continued)

(b) MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps :-

Step 1 Identify the contract(s) with a customer
Step 2 Identify the performance obligations in the contract
Step 3 Determine the transaction price
Step 4 Allocate the transaction price to the performance obligations in the contract
Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

(c) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

The Standard 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.

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.

- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (continued)

(c) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014) (continued)

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139 i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

The initial application of MFRS 9 may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :
- has power over the entity;
- is exposed, 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.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of Consolidation (continued)

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of Consolidation (continued)

(ii) Subsidiaries

In the Company's separate financial statements, investments in subsidiairies are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.8. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

2.5 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for capital work-in-progress are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts or property, plant and equipment are required to be replaced in intervals, the Group recognised such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress are not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual rates are :

Long leasehold land	1.67%
Buildings	2%
Crane and machineries	20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 25%
Workshop equipment	10%
Renovation	15%

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, Plant and Equipment and Depreciation (continued)

The residual values and useful life and depreciation method are reviewed at each reporting date 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 items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying value is recognised in the profit or loss in the year the asset is derecognised.

2.6 Intangible Assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment policy is disclosed in Note 2.8.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amounts is recognised in the profit or loss in the year the asset is derecognised.

2.7 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non- financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and non-current assets or disposal groups held for sale) are reviewed for impairment 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 to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. 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.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

`

2.9 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and

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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial Assets (continued)

2.9.1 Classification and measurement

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are classified into the following specified categories depending on the nature and purpose of the financial assets and are determined at the time of initial recognition.

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

Financial assets are classified at fair value through profit or loss when the financial assets are either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if :-

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial assets at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The net gains or losses do not include any exchange differences, dividend or interest earned on the financial asset. Exchange differences, dividend and interest earned on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment losses.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses. A gain or loss is recognised in profit or loss when the held-to-maturity investment is derecognised or impaired, and through the amortisation process.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial Assets (continued)

2.9.1 Classification and measurement (continued)

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, loans and other receivables are classified as loans and receivables.

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

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss. Available-for-sale financial assets comprise quoted and unquoted equity and debt instruments that are not held for trading.

Subsequent to initial recognition, quoted equity and debt instruments are measured at fair value and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. A gain or loss from changes in fair value is recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

2.9.2 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, is impaired. Financial assets are considered to be impaired when objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

An amount of impairment loss in respect of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial Assets (continued)

2.9.2 Impairment of financial assets (continued)

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

When an available-for-sale financial asset is impaired, the cumulative loss in relation to decline in fair value previously recognised in other comprehensive income is reclassified from equity and recognised in profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified is the difference between the acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. Increase in fair value, if any, subsequent to the impairment loss, is recognised in other comprehensive income.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed with the amount of the reversal recognised in profit or loss.

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and 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.

2.9.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.10 Inventories

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

Cost is determined on the weighted average cost basis. Cost of raw materials, consumable and crane components comprise all costs of purchase plus incidentals in bringing these inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Work-in-progress

Work-in-progress is valued at cost less provision for foreseeable loss. Cost represents material, labours and other direct cost incurred on incomplete service and maintenance works up to the reporting date.

2.12 Amount Due From/(To) Contract Customers

Amount due from/(to) customers for contract work is the net amount of cost incurred for contract work plus profit recognised to date less foreseeable losses, if any, and progress billings. Contract costs incurred to-date include costs directly related to the contract or attributable to contract activities in general and costs specifically chargeable to the customers under the terms of the contract.

2.13 Cash and Cash Equivalents

Cash and cash equivalents consist of cash at banks and on hand, fixed deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value used by the Group in the management of its short term funding requirements, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method. Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy set out in Note 2.9.1 (c).

2.14 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.14.1 Classification and measurement

Financial liabilities are initially measured at fair value plus, in the case of other financial liabilities, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial Liabilities (continued)

2.14.1 Classification and measurement (continued)

(a) Financial liabilities at fair value through profit or loss (continued)

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured is measured at cost.

(b) Other financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group include trade and other payables, loans and borrowings.

A gain or loss on other financial liabilities is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.14.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.14.3 Offsetting financial instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.15 Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are amortised in profit or loss using the straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made in accordance with MFRS 137, Provisions, Contingent Liabilities and Contingent Assets. If the carrying amount of the financial guarantee is lower than the obligation estimated, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases

(i) Finance lease

Asset acquired under finance leases which transfer substantially all the risks and rewards of ownership to the Group is recognised initially at amounts equal to the fair value of the leased asset or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset.

Property, plant and equipment acquired under finance lease are capitalised in the financial statements and are depreciated in accordance with the depreciation policy set out in Note 2.5. The corresponding outstanding obligations due under finance lease after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are allocated to the profit or loss so as produce a constant periodic rate of charge on the remaining recognised as an asset.

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

(ii) Operating lease - the Group as lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line-basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Operating lease - the Group as lessor

Lease where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(iii).

2.17 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

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

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount are shown as movement in equity.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax assets and liabilities is the expected tax payable on the taxable profit for the year or tax recoverable from the taxation authorities and is calculated using tax rates enacted or substantially enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates. Revenue is recognised to the extent that is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. The Group assess its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met for each of the Group's activities before revenue is recognise:

(i) Workover projects lifting solutions, goods sold and services rendered

Revenue associated with performance milestones are recognised based on completion of the deliverables as defined in the respective agreements as accrued revenue. Revenue are recognised only when the deliverables are completed and accepted by the customers. Cost incurred for work performed for which performance milestones have yet to be achieved is initially recorded as work-in-progress and recognised as cost of sales only when the deliverables are completed and accepted by customers.

Revenue from services rendered are recognised based on achievement of the deliverables as defined in the respective agreements as accrued revenue and are recognised as revenue only when the deliverables are completed and accepted by the customers. Cost incurred for work performed for which performance milestones have yet to be achieved is initially recorded as work- in-progress and recognised as cost of sales only when the deliverables are completed and accepted by customers.

Revenue from contract for the sales of goods subject to installation and inspection is recognised upon acceptance by customers of the individual contracts.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Revenue Recognition (continued)

(ii) Contracts

Revenue from contracts is taken up in the financial statements on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion of a contract is measured by the value of work certified as a proportion of total contract value where the outcome of the contract can be foreseen with reasonable certainty.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

When it is probable that total 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 the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

(iii) Rental income

Rental income from cranes is recognised on an accrual basis.

(iv) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(v) Dividend income

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

(vi) Commission received

Commission received is recognised on receipt basis.

2.20 Employee Benefits

(i) Short term employee benefits

Wages, salaries, social security contribution, paid annual leave and sick leave, bonuses and non- monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees of the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee Benefits (continued)

(ii) Defined contribution plan

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

2.21 Foreign Currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"]. The consolidated financial statements are presented in Ringgit Malaysia ["RM"], which is also the Group's functional currency.

(ii) Foreign currency transactions and translations

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the year end are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the 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 recognised to other comprehensive income.

2.22 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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 incurred in connection with the borrowing of funds.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Earnings per Share

The Group presents basic and diluted (where applicable) earnings per share ["EPS"] data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

2.24 Operating Segments

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

2.25 Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

2.26 Fair Value Measurements

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

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

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 : 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); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the MFRSs requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying the Group's accounting policies

The following judgement, which may have a significant effect on the amounts recognised in the financial statements, has been made by the management in applying the Group's accounting policies:

Accrued Revenue

As disclosed in the Note 8 to the financial statements, the Group has recognised the accrued revenue for those contract jobs which have been completed and are pending the issuance of documentation for invoicing. The costs related to the accrued revenue have been charged to the Statement of Profit or Loss and Other Comprehensive Income. The management had made a significant judgement that it is probable that the economic benefits associated with the accrued revenue will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction have been reliably measured. The accrued revenue recognised during the year amounted to RM25,509,171 (2014: RM19,001,685).

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) 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 financial year, are discussed below.

(i) Impairment of intellectual property

The Group reviews its intellectual property at each reporting date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Group carried out impairment test based on a variety of estimation including the value-in-use of the CGUs to which the intellectual property is allocated to. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of intellectual property as at the reporting date is disclosed in Note 5 to the financial statements.

(ii) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the estimation of the provision for income taxes is made and which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(iii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over its estimated useful lives. The management estimates the useful lives of these property, plant and equipment to be between 4 to 60 years. These are common life expectancies applied in the industry. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2015 are stated in Note 4 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

(iv) Construction contracts

The Group recognised contract profits based on the stage of completion method. The stage of completion of a contract is measured by the value of work certified as a proportion of total contract where the outcome of the contract can be foreseen with reasonable certainty. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Construction contracts (continued)

Significant judgement is required in determining the extent of the contract costs incurred, the estimation of total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. Where the actual total contract costs is different from the estimated total contract costs, such difference will impact the contract profits or losses recognised. In making the judgement, the Group evaluate based on past experience.

(v) Impairment of receivables

The Group makes an allowance for impairment losses based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of receivables and the cumulative allowances for impairment losses are disclosed in Note 8.

(vi) Impairment of capital work-in-progress

The cumulative impairment loss of RM8,804,235 (2014: RM3,400,000) recognised as at 31 December 2015 in respect of the oil rig included under capital work-in-progress as disclosed in Note 4, was determined by reference to the asset's estimated value-in-use and which was computed using discounted cash flow projections. Any deviation in any of the assumptions made in preparing the projections will have an impact on the carrying value of the oil rig.

4. PROPERTY, PLANT AND EQUIPMENT

Group

2015

	Long term leasehold land	Building	Crane and machineries	Motor vehicles	Furniture, fittings and office equipment	Workshop equipment	Renovation	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
Balance at 1 January 2015	2,659,290	15,749,761	23,431,035	1,410,653	2,801,326	1,348,434	1,102,580	42,426,720	90,929,799
Additions	2,110,090	-	6,200	544,877	284,651	125,541	171,802	2,580,106	5,823,267
Disposal	-	-	(3,367,370)	(155,950)	(13,082)	-	-	-	(3,536,402)
Reclassification	-	-	5,444,887	-	22,460	633,350	50,066	(6,150,763)	-
Written off	-	-	(4,555)	-	(257,302)	-	-	-	(261,857)
Transfer to maintenance work-in-progress	-	-	-	-	-	-	-	(8,523)	(8,523)
Disposal of subsidiary company	-	-	-	-	(1,526)	-	-	-	(1,526)
Balance at 31 December 2015	4,769,380	15,749,761	25,510,197	1,799,580	2,836,527	2,107,325	1,324,448	38,847,540	92,944,758
Accumulated depreciation									
Balance at 1 January 2015	363,776	1,391,011	17,524,647	1,287,502	1,556,266	335,743	400,513	-	22,859,458
Charge for the year	44,319	314,995	2,070,314	95,682	341,474	158,180	166,936	-	3,191,900
Disposal	-	-	(954,018)	(155,951)	(4,295)	-	-	-	(1,114,264)
Written off	-	-	(2,208)	-	(254,945)	-	-	-	(257,153)
Disposal of subsidiary company	-	-	-	-	(588)	-	-	-	(588)
Balance at 31 December 2015	408,095	1,706,006	18,638,735	1,227,233	1,637,912	493,923	567,449	-	24,679,353
Accumulated impairment losses									
At 1 January 2015	-	-	-	-	-	-	-	3,400,000	3,400,000
Charge for the year	-	-	-	-	-	-	-	5,404,235	5,404,235
Balance at 31 December 2015	-	-	-	-	-	-	-	8,804,235	8,804,235
Net book value as at 31 December 2015	4,361,285	14,043,755	6,871,462	572,347	1,198,615	1,613,402	756,999	30,043,305	59,461,170

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

2014

	Long term leasehold land RM	Building RM	Crane and machineries RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
Cost									
Balance at 1 January 2014	2,659,290	15,749,761	19,303,052	1,410,653	2,758,133	786,658	948,039	43,872,980	87,488,566
Additions	-	-	267,813	-	297,147	78,814	154,541	8,733,603	9,531,918
Written off	-	-	-	-	(17,169)	-	-	-	(17,169)
Reclassification	-	-	3,860,170	-	-	482,962	-	(4,343,132)	-
Disposals	-	-	-	-	(236,785)	-	-	-	(236,785)
Transfer to maintenance work-in-progress	-	-	-	-	-	-	-	(5,836,731)	(5,836,731)
Balance at 31 December 2014	2,659,290	15,749,761	23,431,035	1,410,653	2,801,326	1,348,434	1,102,580	42,426,720	90,929,799
Accumulated depreciation									
Balance at 1 January 2014	319,454	1,076,015	15,008,233	1,151,921	1,383,291	231,355	255,122	-	19,425,391
Charge for the year	44,322	314,996	2,516,414	135,581	318,008	104,388	145,391	-	3,579,100
Written off	-	-	-	-	(13,627)	-	-	-	(13,627)
Disposals	-	-	-	-	(131,406)	-	-	-	(131,406)
Balance at 31 December 2014	363,776	1,391,011	17,524,647	1,287,502	1,556,266	335,743	400,513	-	22,859,458
Accumulated impairment losses									
At 1 January 2014	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	3,400,000	3,400,000
Balance at 31 December 2014	-	-	-	-	-	-	-	3,400,000	3,400,000
Net book value as at 31 December 2014	2,295,514	14,358,750	5,906,388	123,151	1,245,060	1,012,691	702,067	39,026,720	64,670,341

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Long term leasehold land	Renovation	Furniture, fittings and office equipment	Total
	RM	RM	RM	RM
2015				
Cost :				
At 1 January 2015	**-**	**31,548**	**154,669**	**186,217**
Additions	**2,110,090 ***	**-**	**21,962**	**2,132,052**
Disposal/Written-off	**-**	**-**	**(3,549)**	**(3,549)**
At 31 December 2015	**2,110,090**	**31,548**	**173,082**	**2,314,720**
Accumulated depreciation:				
At 1 January 2015	**-**	**20,954**	**86,345**	**107,299**
Charge for the year	**-**	**4,132**	**18,511**	**22,643**
Disposal/Written-off	**-**	**-**	**(3,412)**	**(3,412)**
At 31 December 2015	**-**	**25,086**	**101,444**	**126,530**
Net carrying amount at 31 December 2015	**2,110,090**	**6,462**	**71,638**	**2,188,190**
2014				
Cost :				
At 1 January 2014	-	31,548	145,321	176,869
Additions	-	-	9,348	9,348
At 31 December 2014	-	31,548	154,669	186,217
Accumulated depreciation:				
At 1 January 2014	-	16,821	64,390	81,211
Charge for the year	-	4,133	21,955	26,088
At 31 December 2014	-	20,954	86,345	107,299
Net carrying amount at 31 December 2014	-	10,594	68,324	78,918

* On 3 March 2015, the State Government of Terengganu had approved the alienation of a piece of land at Kawasan Perindustrian Teluk Kalong, Kemaman, Terengganu Darul Iman with an approximate area of 50,000 square metres to the Company for a consideration of RM2,110,090 payable by twelve (12) instalments commencing from May 2015. As at reporting date, instalments amounted to RM1,575,640 have been paid and the balance outstanding of RM534,450 is included in other payables in Note 16. The title of land will only be transferred to the Company upon full payment of the balance outstanding.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

At the reporting date:

(a) long term leasehold land and building and rig under construction included under capital work-in-progress of the Group at a total carrying amount of RM18,405,040 and RM25,437,000 (2014: RM16,654,264 and RM30,841,235), respectively have been pledged to a licensed financial institution for banking facilities granted to the Group as disclosed in Note 14 to the financial statements.

(b) included in the capital work-in-progress of the Group are the following items capitalised during the year:

	2015 RM	2014 RM
Equipment rental	**23,394**	25,090
Staff cost:		
Salaries, employees' provident fund and other benefits	**3,518**	5,235
	26,912	30,325

(c) The carrying amount of the Group's property, plant and equipment acquired under hire purchase arrangements (Note 25) in respect of which instalments are outstanding are as follows:

	2015 RM	2014 RM
Machinery	**53,625**	159,475
Motor vehicles	**508,522**	30,910
	562,147	190,385

(d) Purchase of property, plant and equipment during the year:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash consideration	**5,423,267**	9,531,918	**2,132,052**	9,348
Finance lease liabilities	**400,000**	-	**-**	-
Total	**5,823,267**	9,531,918	**2,132,052**	9,348

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment assessment for capital work-in-progress

In view of the prevailing low crude oil prices, an impairment assessment was undertaken in the current year for the oil rig under construction included in Group's capital work-in-progress at a total cost of RM34,241,235 (2014: RM34,241,235).

The impairment test was performed by comparing the asset's carrying amount with its recoverable amount. The recoverable amount of the asset is based on its value-in-use and which is determined by discounting the probability weighted future cash flows expected to be generated from continuing use of the asset using the following key assumptions:

		2015	2014
(i)	Expected completion of the construction work of oil rig	**Year 2018 to Year 2022**	Year 2017
(ii)	Expected lease of oil rig and generating revenue stream	**Year 2018 to Year 2022**	Second quarter of 2017
(iii)	Expected daily charter rate	**USD37,487 to USD39,460**	USD39,460
(iv)	Discount rate used	**8.65%**	8.35%

Based on the above impairment assessment, the Directors have recognised additional impairment loss during the year of RM5,404,235 (2014: RM3,400,000) on the oil rig and which have been included under other expenses in the statements of profit or loss and other comprehensive income.

Any deviation of the above assumptions made in preparing the projection will have an impact on the carrying value of the oil rig. The Directors do not expect that there will be any major deviation to the key assumptions made.

5. INTANGIBLE ASSETS

Group

	Goodwill on consolidation RM	Intellectual property RM	Total RM
Cost:			
At beginning and at the end of the year	373,969	11,958,567	12,332,536
Accumulated impairment losses:			
At beginning of the year/end of the year	(298,666)	-	(298,666)
Carrying amount at 31 December 2015	75,303	11,958,567	12,033,870
Carrying amount at 31 December 2014	75,303	11,958,567	12,033,870

(a) Goodwill on consolidation

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The management carries out an annual review of recoverable amounts of its goodwill each financial year.

The recoverable amount of a CGU is determined based on value-in-use calculation. The value-in- use calculation is determined using discounted cash flows projections. The impairment loss provided is attributable to the subsidiary company that owns the capital work-in-progress that has been impaired as described in Note 4. The same discounted future cash flows was used to determine the impairment of the goodwill of that subsidiary company.

(b) Intellectual property

Intellectual property represents the costs of acquiring the ownership of the intellectual property rights of the “SEACRANE” offshore pedestal crane product line (which includes the “SEACRANE” Trademark) in Asia, Africa, Australia, Europe and other countries (apart from those located in North America and South America) for an indefinite period.

The Group has assessed the recoverable amount of the intellectual property and determined that no impairment is required.

The recoverable amount of cash-generating unit is determined based on value-in-use calculations using probability weighted discounted cash flow projection based on financial budgets approved by management covering a four year period. The key assumptions used in value-in-use calculation are based on past experience and the discount rate applied to the cash flow projection is 8.10% (2014 : 8.35%) per annum which is the subsidiary’s expected cost of capital.

The Directors believe that any reasonable possible changes in the above key assumptions applied are not likely to materially cause recoverable amounts to be lower than their carrying amounts.

6. INVESTMENT IN SUBSIDIARY COMPANIES

Company

	2015 RM	2014 RM
Unquoted equity shares, at cost	**55,213,939**	42,878,016
Unquoted irredeemable convertible preference shares	**15,288,000**	15,288,000
	70,501,939	58,166,016
Less: Accumulated impairment losses		
At 1 January	**(498,212)**	-
Impairment loss for the year (Note 20)	**(7,939,002)**	(498,212)
Disposal of subsidiary company	**498,212**	-
At 31 December	**(7,939,002)**	(498,212)
	62,562,937	57,667,804

The details of the subsidiary companies are as follows:

Name of company	Principal activities	Principal place of business and country of incorporation	Effective interest 2015 %	Effective interest 2014 %
Direct subsidiary companies of the Company				
Handal Offshore Services Sdn. Bhd. ["HOSSB"]	Overhaul and maintenance, manufacturing or fabrication of new offshore pedestal cranes, offshore crane rental business, workover projects and other services such as supply of manpower and parts.	Malaysia	**100**	100
Handal Engineering Sdn Bhd ["HESB"]	Selling of industrial plant and equipment and telecommunication equipment.	Malaysia	**100**	100
Handrill Sdn Bhd ["HSB"]	Consultants in engineering project support services.	Malaysia	**99.72**	98.88
Handscomms Sdn Bhd ["HCSB"] (Disposed during the year)	Providing all kinds of telecommunication hardwares and softwares in relation to video conferencing systems, broadcasting systems and system maintaining for call centres.	Malaysia	**-**	100

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of company	Principal activities	Principal place of business and country of incorporation	Effective interest 2015	Effective interest 2014
			%	%
Direct subsidiary companies of the Company (continued)				
Handal E & P Sdn Bhd ["HEPSB"]	Exploration and production in the oil and gas fields and farm in activities in small field developments for the oil and gas industry; however, it has not commenced operations.	Malaysia	**100**	100
Subsidiary company of Handal Offshore Services Sdn Bhd				
Handal Offshore East Malaysia Sdn Bhd ["HOEM"]	Consultant in engineering project support services relating to the manufacturing, construction and oil and gas industries; however, it has not commenced operations.	Malaysia	**100**	100

All subsidiary companies are audited by FOLKS DFK & Co.

Additional investment in subsidiary companies

During the year, the Company:

(i) subscribed for an additional 13,315,923 ordinary shares of RM1 each of HSB by way of capitalisation of debt, thereby increasing its equity interest from 98.88% to 99.72%. This transaction resulted in an increase in non-controlling interest and a decrease in retained profits of RM80,047, respectively.

In previous year, the Company:

(i) subscribed for an additional 300,000 ordinary shares of RM1 each in its wholly-owned subsidiary, HESB, by way of capitalisation of debt;

(ii) subscribed for an additional 880,000 ordinary shares of RM1 each in its wholly-owned subsidiary, HCSB, by way of capitalisation of debt; and

(iii) subscribed to 2,588,000 Irredeemable Convertible Preference Shares of RM1 each issued by its subsidiary, HSB by way of capitalisation of debt.

Material non-controlling interests

The Group does not have any subsidiary company that has non-controlling interests which is individually material to the Group as at reporting date.

7. INVENTORIES

	Group 2015 RM	Group 2014 RM
At cost:		
Raw materials, consumables and crane components	**12,149,400**	9,536,102
Recognised in profit or loss:		
Inventories recognised as cost of sales	**33,108,424**	51,343,286

8. TRADE AND OTHER RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade receivables	**23,835,089**	30,665,531	**-**	-
Accrued revenue	**28,468,618**	20,886,089	**-**	-
Less: Impairment losses	**(228,376)**	(347,305)	**-**	-
	52,075,331	51,204,315	**-**	-
<u>Other receivables:</u>				
Other receivables	**14,766**	34,141	**-**	465
Deposits	**146,908**	231,165	**15,085**	15,085
Advances	**117,030**	136,843	**-**	-
Lease rental receivable	**-**	69,304	**-**	-
Amount owing by subsidiary companies	**-**	-	**16,716,536**	24,426,956
	52,354,035	51,675,768	**16,731,621**	24,442,506

Accrued revenue consists of contract jobs which have been completed and pending the issuance of documentation for invoicing.

The amount owing by subsidiary companies is unsecured, interest-free and repayable on demand.

8. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables

Trade receivables are non-interest bearing. The Group's normal credit term ranges from 30 days to 60 days (2014: 30 days to 60 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivable

The analysis of the Group's trade receivables are as follows:

	Group	
	2015	2014
	RM	RM
Neither past due nor impaired	**41,533,265**	40,960,774
1 to 30 days past due not impaired	**866,929**	2,892,072
31 to 60 days past due not impaired	**3,494,518**	3,228,090
61 to 90 days past due not impaired	**-**	906,521
More than 90 days past due not impaired	**6,180,619**	3,216,858
	10,542,066	10,243,541
Past due and impaired	**228,376**	347,305
	52,303,707	51,551,620
Less: Impairment losses	**(228,376)**	(347,305)
	52,075,331	51,204,315

Receivables that are neither past due nor impaired

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 year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM10,542,066 (2014: RM10,243,541) that are past due at the reporting date but not impaired. These are unsecured in nature.

8. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables (continued)

Receivables that are impaired

	Group	
	2015 RM	2014 RM
Movement in allowance accounts:		
Individually impaired:		
At 1 January	347,305	-
Charge for the year	25,080	347,305
Less : Write back	(144,009)	-
At 31 December	228,376	347,305

9. OTHER CURRENT ASSETS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Prepayments	259,381	407,659	2,860	6,838
Amount due from contract customers (Note 24)	10,739,642	4,198,299	-	-
	10,999,023	4,605,958	2,860	6,838

10. OTHER INVESTMENTS

	Group/Company	
	2015 RM	2014 RM
Quoted non-equity investments	2,977,161	15,208

11. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposits with licensed banks	**12,147,705**	11,754,235	**-**	-
Deposits with a fund management corporation	**32,067**	31,087	**32,067**	31,087
Placement in money market fund	**33,303**	32,131	**33,303**	32,131
Cash and bank balances	**8,611,806**	7,981,306	**44,805**	88,321
Total deposits, cash and bank balances	**20,824,881**	19,798,759	**110,175**	151,539
Less:				
Bank overdraft (Note 14)	**(14,116,928)**	(4,988,712)	**-**	-
Fixed deposits pledged as collateral*	**(12,147,705)**	(11,754,235)	**-**	-
Cash and cash equivalents	**(5,439,752)**	3,055,812	**110,175**	151,539

* The fixed deposits have been pledged to licensed banks as security for banking facilities granted to certain subsidiary companies as referred to Note 14 to the financial statements.

Information on financial risks of cash and cash equivalents are disclosed in Note 30 to the financial statements.

12. SHARE CAPITAL

	Group and Company		Group and Company	
	2015	2014	2015	2014
	Number of shares		RM	RM
Authorised:				
Ordinary shares of RM0.50 each: At 1 January/31 December	**500,000,000**	500,000,000	**250,000,000**	250,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each: At 1 January/31 December	**160,000,000**	160,000,000	**80,000,000**	80,000,000

12. SHARE CAPITAL (continued)

Warrants

	Group and Company	
	2015	**2014**
	Number of Warrants	
At beginning and end of year	**60,000,000**	60,000,000

A total of 60,000,000 warrants were issued by the Company on 6th April, 2011 in conjunction with the renounceable rights issue of 60,000,000 new ordinary shares of RM0.50 each ("Rights Share") on the basis of one(1) free warrant for every one(1) Rights Share successfully subscribed.

The warrants are constituted by a deed poll dated 23 February 2011.

The warrants are listed on the Main Market of the Bursa Malaysia Securities Berhad on 8 April 2011 and confer the right to holders thereof at any time, not later than maturity date of 6 April 2016, to subscribe for one new ordinary share of RM0.50 each in the Company for every warrant held at an exercise price, to be paid in cash, of RM0.86 per share or as adjusted in certain circumstances as set out in the Deed constituting the warrants. Any warrants not exercised by the date of maturity will thereafter lapse and cease to be valid for any purpose.

13. RESERVES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Share premium	**28,992**	28,992	**28,992**	28,992
Warrant reserve	**2,660,465**	2,660,465	**2,660,465**	2,660,465
Distributable				
Retained profits/(Accumulated losses)	**29,700,156**	24,223,370	**1,082,058**	(885,812)
	32,389,613	26,912,827	**3,771,515**	1,803,645

Warrant reserve

The warrant reserve represents the fair value allocated to the 60,000,000 warrants issued by the Company in connection with the Rights Issue with Warrants as disclosed in of Note 12. The fair value allocated to each warrant as at their issuance date is RM0.044341. The fair value was determined using Black-Scholes option pricing model. The fair value determined is in accordance with Level 2 of the fair value hierarchy as defined in Note 2.26 which is based on observable inputs including the Company's share prices and volatility of the share prices over a trading period and market risk free rate of return. The warrant reserve arising from the allocation of fair value to the warrants has been charged to retained profits.

14. LOANS AND BORROWINGS

	Group		
	Non-Current liabilities	Current liabilities	Total
	RM	RM	RM
2015			
Secured:			
Bank overdrafts	**-**	**14,116,928**	**14,116,928**
Bankers' acceptances	**-**	**12,702,568**	**12,702,568**
Term loan I	**-**	**-**	**-**
Term loan II	**5,392,500**	**3,870,671**	**9,263,171**
Hire purchase payables (Note 25)	**308,128**	**90,691**	**398,819**
Loans and other borrowings	**5,700,628**	**16,663,930**	**22,364,558**
	5,700,628	**30,780,858**	**36,481,486**
2014			
Secured:			
Bank overdrafts	-	4,988,712	4,988,712
Bankers' acceptances	-	10,366,650	10,366,650
Term loan I	-	4,424,335	4,424,335
Term loan II	9,263,171	3,609,793	12,872,964
Hire purchase payables (Note 25)	20,778	98,194	118,972
Loans and other borrowings	9,283,949	18,498,972	27,782,921
	9,283,949	23,487,684	32,771,633

Term loans

Term loan I is secured by the following:

(i) facilities agreement;

(ii) a first party first fixed charge over leasehold land and building of a subsidiary company as disclosed in Note 4 to the financial statements;

(iii) pledge of fixed deposits on lien of a subsidiary company as disclosed in Note 11 to the financial statements;

(iv) irrevocable payment instruction to designated Paymaster(s) to remit proceeds from certain contracts of a subsidiary company into a designated Escrow Account maintained by the subsidiary company with the financial institution;

14. LOANS AND BORROWINGS (continued)

Term loans (continued)

(v) a first legal charge over the designated Escrow Account and all monies standing to the credit of the said amount of a subsidiary company; and

(vi) corporate guarantee by the Company.

Term loan I which was repayable by 59 equal monthly principal instalments of RM366,666 each and a final instalment of RM366,706 was fully repaid during the financial year.

Term loan II is secured by the following:

(i) facilities agreement;

(ii) specific debenture incorporating a fixed charge over the rig under the capital work-in-progress of a subsidiary company as disclosed in Note 4 to the financial statements;

(iii) legal assignment over the rights and interest to the future rental proceeds of the rig of subsidiary company; and

(iv) corporate guarantee by the Company.

Term loan II is repayable by 60 monthly instalments of RM366,323 commencing from April 2013.

Information on financial risks of loans and borrowings are disclosed in Note 30 to the financial statements.

Bank overdrafts and bankers' acceptances

The bank overdrafts and bankers' acceptances are secured by the following:

(i) facilities agreement;

(ii) pledge of fixed deposits on lien of a subsidiary company as disclosed in Note 11 to the financial statements;

(iii) a first party fixed charge over leasehold land and building of a subsidiary company as disclosed in Note 4 to the financial statements;

(iv) irrevocable payment instruction to designated Paymaster(s) to remit proceeds from certain contracts of a subsidiary company into a designed Escrow Account maintained by the subsidiary company with the financial institution;

(v) a first legal charge over the designated Escrow Account and all monies standing to the credit of the said amount of a subsidiary company;

(vi) corporate guarantee by the Company; and

(vii) jointly and severally guarantee by certain directors of the Company.

15. DEFERRED TAX LIABILITIES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
At 1 January	**(3,370,366)**	(2,927,413)	**(20,996)**	(20,996)
Recognised in profit or loss (Note 21)	**(807,100)**	(442,953)	**-**	-
At 31 December	**(4,177,466)**	(3,370,366)	**(20,996)**	(20,996)

The components and movements of deferred tax liabilities during the year are as follows:

Group

2015

	As at 1.1.2015	Recognised in profit or loss	As at 31.12.2015
	RM	RM	RM
Excess of capital allowances over depreciation	**(1,158,730)**	**(723,747)**	**(1,882,477)**
Other taxable temporary differences	**(2,211,636)**	**(83,353)**	**(2,294,989)**
	(3,370,366)	**(807,100)**	**(4,177,466)**

2014

	As at 1.1.2014	Recognised in profit or loss	As at 31.12.2014
	RM	RM	RM
Excess of capital allowances over depreciation	(1,378,603)	219,873	(1,158,730)
Other taxable temporary differences	(1,548,810)	(662,826)	(2,211,636)
	(2,927,413)	(442,953)	(3,370,366)

15. DEFERRED TAX LIABILITIES (continued)

Company

2015

	As at 1.1.2015 RM	Recognised in profit or loss RM	As at 31.12.2015 RM
Excess of capital allowances over depreciation	**(20,966)**	**-**	**(20,966)**

2014

	As at 1.1.2014 RM	Recognised in profit or loss RM	As at 31.12.2014 RM
Excess of capital allowances over depreciation	(20,966)	-	(20,966)

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

	2015 RM	2014 RM
Group		
Unutilised capital allowances	**248,467**	1,521,880
Unused tax losses	**8,632,506**	6,487,120
	8,880,973	8,009,000

Deferred tax assets have not been recognised in respect of unused tax losses and unutilised capital allowances arising in certain subsidiaries as they do not expect to achieve significant profits sufficient to offset these items in the long term.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables	**11,830,308**	10,996,000	**-**	-
Company in which a director of the Group has substantial financial interest	**2,079,047**	1,213,718	**-**	-
Retention sum	**-**	829,263	**-**	-
	13,909,355	13,038,981	**-**	-
Other payables:				
Other payables	**2,950,924**	2,340,704	**650,907**	62,963
Accruals	**1,637,888**	4,865,463	**161,166**	212,333
Amount owing to a subsidiary company	**-**	-	**-**	300,849
	4,588,812	7,206,167	**812,073**	576,145
	18,498,167	20,245,148	**812,073**	576,145

The credit terms of the Group's trade payables range from 30 to 90 days (2014: 30 to 90 days).

The amount owing to a subsidiary company is unsecured, interest-free and repayable on demand.

17. OTHER CURRENT LIABILITIES

	2015	2014
Group	RM	RM
Amount due to contract customers (Note 24)	**326,968**	4,246,297

18. REVENUE

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Fabrication of cranes	**20,658,335**	16,713,702	**-**	-
Integrated crane services	**81,007,011**	77,670,506	**-**	-
Workover projects lifting solutions	**7,594,752**	6,980,603	**-**	-
Trading and project services	**5,359,566**	21,662,913	**-**	-
Dividend income from a subsidiary company	**-**	-	**13,000,000**	-
	114,619,664	123,027,724	**13,000,000**	-

19. COST OF SALES

	Group	
	2015	2014
	RM	RM
Cost of fabrication of cranes	**13,424,414**	11,364,996
Cost of integrated crane services rendered	**48,416,161**	43,898,249
Cost of workover projects lifting solutions	**2,312,534**	1,881,991
Cost of trading and project services rendered	**4,791,445**	19,008,508
	68,944,554	76,153,744

20. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
This has been arrived at after charging:				
Auditors' remuneration:				
- Statutory audit	**114,000**	106,670	**35,000**	33,000
- Underprovision of prior year's audit fee	**15,200**	25,160	**4,000**	-
- Other services	**6,000**	3,380	**6,000**	3,180
Depreciation	**3,191,900**	3,579,100	**22,643**	26,088
Impairment losses on:				
- Goodwill on consolidation	**-**	298,666	**-**	-
- Investment in subsidiary companies	**-**	-	**7,939,002**	498,212
- Amount owing by subsidiary companies	**-**	-	**29,937**	-
- Property, plant and equipment	**5,404,235**	3,400,000	**-**	-
- Trade receivables	**25,080**	347,305	**-**	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- Bank overdrafts	**866,888**	575,215	**-**	-
- Bankers' acceptances	**618,782**	477,237	**-**	-
- Hire purchase	**27,737**	18,055	**-**	-
- Term loans	**912,534**	1,433,029	**-**	-
Loss on foreign exchange:				
- Realised	**-**	172,205	**-**	-
Loss on disposal of property, plant and equipment	**-**	-	**136**	-
Investment in jointly controlled entity written off	**-**	747	**-**	-
Property, plant and equipment written off	**13,227**	3,542	**-**	-
Work-in-progress written off	**-**	314,855	**-**	-
Rental expenses:				
- Land	**500,803**	409,680	**-**	-
- Premises	**327,876**	304,125	**112,200**	89,039
- Equipment	**96,804**	116,462	**1,516**	1,690
- Motor vehicles	**53,218**	56,636	**-**	-

20. PROFIT/(LOSS) BEFORE TAXATION (continued)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
This has been arrived at:				
after charging (continued)				
Directors' remuneration:				
Directors of the Company:				
- Employees' provident fund	**457,209**	214,920	**-**	-
- Fee	**162,000**	162,000	**162,000**	162,000
- Salaries and other benefits	**6,392,421**	6,416,020	**56,000**	44,500
Directors of the subsidiary companies:				
- Employees' provident fund	**2,160**	15,528	**-**	-
- Fee	**84,000**	66,000	**-**	-
- Salaries and other benefits	**155**	146,900	**-**	-
Other staff costs:				
- Employees' provident fund	**1,956,311**	1,916,523	**107,502**	100,877
- Salaries and other benefits	**31,856,969**	29,013,503	**1,182,029**	1,110,442
Loss on disposal of subsidiary	**149,554***	-	**481,788**	-
and crediting:				
Dividend income				
- quoted non-equity investment	**13**	3,960	**13**	3,960
- subsidiary company	**-**	-	**13,000,000**	-
Interest income of financial asset that is not at fair value through profit or loss:				
- Short term deposits	**400,435**	360,236	**-**	-
- Lease finance income	**-**	116,459	**-**	-
- Short term investment	**980**	4,843	**980**	4,843
Gain on foreign exchange:				
- Realised	**306,911**	192,280	**-**	-
- Unrealised	**28,305**	11,631	**-**	-
Rental income on:				
- Premises	**42,000**	69,000	**-**	-
- Motor vehicle	**-**	32,400	**-**	-
Commission received	**-**	169,809	**-**	-
Write back of impairment loss on trade receivables	**144,009**	-	**-**	-
Gain on disposal of property, plant and equipment	**2,123,391**	-	**136**	-
Gain on disposal of quoted non-equity investments	**3,606**	5,212	**3,606**	5,212
Net fair value gain on financial assets held for trading	**109,506**	20,069	**109,506**	20,069

* Included in discontinued operation.

21. TAXATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysian income tax:				
Current year provision	**4,900,277**	5,221,943	**-**	-
(Over)/Under provision in respect of prior years	**(303,650)**	12,339	**-**	(20,935)
	4,596,627	5,234,282	**-**	(20,935)
Deferred taxation (Note 15):				
- Relating to origination and reversal of temporary differences	**739,198**	466,500	**-**	-
- Under/(Over) provision in respect of prior year	**67,902**	(23,547)	**-**	-
	807,100	442,953	**-**	-
	5,403,727	5,677,235	**-**	(20,935)

Malaysian income tax is calculated at the statutory rate of 25% (2014: 25%) on the estimated taxable profit for the year.

The Malaysian statutory tax rate will be reduced to 24% effective from year of assessment 2016.

The numerical reconciliation between the tax expenses recognised in profit or loss and the income tax expense applicable to profit/(loss) before taxation at the statutory income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation	**11,428,278**	12,027,632	**1,967,870**	(2,985,991)
Tax at the Malaysian statutory rates of 25% (2014: 25%)	**2,857,070**	3,006,908	**491,968**	(746,498)
Tax effects of:				
- Expenses not deductible for tax purposes	**2,683,437**	2,175,413	**2,786,310**	755,019
- Income not subject to tax	**(253,430)**	(94,256)	**(3,278,278)**	(8,521)
- Change in tax rate	**15,716**	(15,847)	**-**	-
- Deferred tax assets not recognised	**336,682**	616,225	**-**	-
- (Over)/Under provision of taxation in respect of prior years:				
Income tax	**(303,650)**	12,339	**-**	(20,935)
Deferred taxation	**67,902**	(23,547)	**-**	-
Tax expense recognised in profit or loss	**5,403,727**	5,677,235	**-**	(20,935)

22. DISCONTINUED OPERATION

In September 2015, the Group disposed its 100% equity interest in Handscomms Sdn. Bhd. which was previously reported under supply of telecommunication and broadcasting system segment, for a total consideration of RM2. The comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(a) Financial performance and cash flows information

The financial position and cash flow information presented are for 9 months ended 30 September 2015 (2015 column) and year ended 31 December 2014.

	2015 RM	2014 RM
Results of discontinued operation		
Revenue	**16,480**	809,390
Other income	**6,965**	145,753
Expenses	**(359,665)**	(952,149)
Result from operating activities	**(336,220)**	2,994
Taxation	**3,686**	(133,266)
Result from operating activities, net of tax	**(332,534)**	(130,272)
Loss on sale of discontinued operation	**(149,554)**	-
Loss for the year	**(482,088)**	(130,272)

The loss from discontinued operation of RM482,088 (2014: RM130,272) is attributable entirely to the owners of the Company.

Effect on cash flows

	2015 RM	2014 RM
Cash flows (used in)/from discontinued operation		
Net cash (used in)/from operating activities	**(8,723)**	2,758
Net cash from/(used in) investing activities	**2**	(2,690)
Net (decrease)/increase in cash and cash equivalents	**(8,721)**	68
Cash and cash equivalents at beginning of period	**8,771**	8,703
Cash and cash equivalents at end of period	**50**	8,771

22. DISCONTINUED OPERATION (continued)

(b) Effect of disposal on the financial position of the Group

	2015 RM
Property, plant and equipment	938
Inventories	102,609
Trade and other receivables	45,959
Cash and bank balances	50
Net assets and liabilities	149,556
Loss on disposal of discontinued operation	(149,554)
Consideration received, satisfied in cash	2
Cash and cash equivalents disposed of	(50)
Net cash outflow	(48)

23. EARNING PER SHARE

Group

(a) Basic

The basic earnings per ordinary share is calculated by dividing the consolidated profit for the year by the weighted average number of ordinary shares in issue during the year as follows:

	Continuing operations RM	Discontinued operations RM	Total RM
2015			
Profit attributable to owners of the Company	6,038,921	(482,088)	5,556,833
2014			
Profit attributable to owners of the Company	6,418,663	(130,272)	6,288,391

23. EARNING PER SHARE (continued)

(a) Basic (continued)

	Number of shares	
	2015	**2014**
Weighted average number of ordinary shares	**160,000,000**	160,000,000
Earning per ordinary share attributable to owners of the company (sen):		
- from continuing operations	**3.77**	4.01
- from discontinued operation	**(0.30)**	(0.08)
	3.47	3.93

(b) Diluted

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares outstanding as at end of financial year.

The issue of warrants does not have a dilutive effect to the earnings per ordinary share as the average market price of ordinary shares for the period does not exceed the exercise price of the warrants.

24. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

Group	**2015 RM**	**2014 RM**
Contract costs incurred to date	**43,373,651**	38,350,021
Recognised profits	**4,718,916**	4,397,068
Recognised losses	**(264,302)**	(395,546)
	47,828,265	42,351,543
Less: Progress billings	**(37,415,591)**	(42,399,541)
	10,412,674	(47,998)
Represented by:		
Amount due from contract customers (Note 9)	**10,739,642**	4,198,299
Amount due to contract customers (Note 17)	**(326,968)**	(4,246,297)
	10,412,674	(47,998)

25. HIRE PURCHASE PAYABLES

Group	2015 RM	2014 RM
Analysis of hire purchase commitments:		
Due within one year	**118,356**	112,238
Due between one to five years	**349,745**	22,968
Minimum hire purchase payments	**468,101**	135,206
Future finance charges	**(69,282)**	(16,234)
Present value of hire purchase liabilities	**398,819**	118,972
Repayable as follows:		
Current liabilities (Note 14)	**90,691**	98,194
Non-current liabilities (Note 14)	**308,128**	20,778
	398,819	118,972

26. RELATED PARTIES

Group and Company

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to 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.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the directors of the Group and the Company.

(b) Related party transactions have been entered into in the normal course of business under arm's length basis on normal commercial terms. The Group and the Company had the following transactions with related parties during the year:

Group	2015 RM	2014 RM
Company in which a director of the Group has substantial financial interest		
Excell Crane & Hydraulics Inc.		
Supply of raw materials	**15,815,364**	10,681,845

26. RELATED PARTIES (continued)

Group and Company (continued)

(c) Compensation of key management personnel

The key management personnel of the Company are its directors. The remuneration of directors during the year are disclosed in Note 20 to the financial statements.

27. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segments. The primary format business segments, is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exist.

Segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total asset is used to measure the return on assets of each segment.

Segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Board of Directors.

(a) Business segments

The main business segments of the Group comprise the following:

	Continuing Operations									Discontinued Operation	
2015	Investment holding RM	Integrated crane services RM	Fabrication of crane RM	Workover projects lifting solutions RM	Supply, fabrication and servicing industrial equipment and tank systems RM	Consultants in engineering project support services RM	Others RM	Elimination RM	Total RM	Supply of telecommuni-cation and broadcasting system RM	Total operations RM
Revenue											
Revenue from external parties	-	81,007,011	20,658,335	7,594,752	5,359,566	-	-	-	114,619,664	16,480	114,636,144
Inter-segment revenue	13,000,000	-	-	-	-	67,800	-	(13,067,800)	-	-	-
Total revenue	13,000,000	81,007,011	20,658,335	7,594,752	5,359,566	67,800	-	(13,067,800)	114,619,664	16,480	114,636,144

27. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

The main business segments of the Group comprise the following:

2015	Continuing Operations									Discontinued Operation	
	Investment holding RM	Integrated crane services RM	Fabrication of crane RM	Workover projects lifting solutions RM	Supply, fabrication and servicing industrial equipment and tank systems RM	Consultants in engineering project support services RM	Others RM	Elimination RM	Total RM	Supply of telecommuni-cation and broadcasting system RM	Total operations RM
Results											
Segment result	(11,032,132)	10,153,629	7,940,042	5,429,345	(1,020,681)	(6,055,478)	-	8,439,494	13,854,219	(485,774)	13,368,445
Interest expenses									(2,425,941)	-	(2,425,941)
Profit before taxation									11,428,278	(485,774)	10,942,504
Income tax expense									(5,403,727)	3,686	(5,400,041)
Net profit after taxation									6,024,551	(482,088)	5,542,463
Non-controlling interest									14,370	-	14,370
Profit attributable to equity holders of the Company									6,038,921	(482,088)	5,556,833
Assets											
Segment assets	5,325,080	107,663,050	23,167,714	9,676,169	4,451,920	26,003,164	1	-	176,287,098	-	176,287,098
Liabilities											
Segment liabilities	833,039	39,412,488	8,481,065	3,542,180	1,708,259	9,913,507	4,650	-	63,895,188	-	63,895,188
Other information											
Interest income	980	375,579	-	-	17,893	-	-	-	394,452	6,965	401,417
Interest expenses	-	1,568,635	-	-	71,223	786,083	-	-	2,425,941	-	2,425,941
Depreciation	22,643	2,990,522	-	-	129,703	48,089	-	-	3,190,957	943	3,191,900
Impairment losses on:											
Property, plant and equipment	-	-	-	-	-	5,404,235	-	-	5,404,235	-	5,404,235
Trade receivables	-	25,080	-	-	-	-	-	-	25,080	-	25,080

27. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

The main business segments of the Group comprise the following:

2014	Continuing Operations									Discontinued Operation	
	Investment holding RM	Integrated crane services RM	Fabrication of crane RM	Workover projects lifting solutions RM	Supply, fabrication and servicing industrial equipment and tank systems RM	Consultants in engineering project support services RM	Others RM	Elimination RM	Total RM	Supply of telecommunication and broadcasting system RM	Total operations RM
Revenue											
Revenue from external parties	-	77,670,506	16,713,702	6,980,603	21,662,913	-	-	-	123,027,724	809,390	123,837,114
Internal-segment revenue	-	-	-	-	-	67,800	-	(67,800)	-	-	-
Total revenue	-	77,670,506	16,713,702	6,980,603	21,662,913	67,800	-	(67,800)	123,027,724	809,390	123,837,114
Results											
Segment result	(2,985,991)	12,110,260	5,348,706	3,798,690	1,064,468	(5,065,695)	(6,492)	267,222	14,531,168	2,994	14,534,162
Interest expenses									(2,503,536)	-	(2,503,536)
Profit before taxation									12,027,632	2,994	12,030,626
Income tax expense									(5,677,235)	(133,266)	(5,810,501)
Net profit after taxation									6,350,397	(130,272)	6,220,125
Non-controlling interest									68,266	-	68,266
Profit attributable to equity holders of the Company									6,418,663	(130,272)	6,288,391
Assets											
Segment assets	381,298	101,024,311	21,739,143	9,079,515	6,261,232	31,481,169	1	-	169,966,669	507,616	170,474,285
Liabilities											
Segment liabilities	296,261	35,722,625	7,687,053	3,210,555	2,893,581	13,521,728	2,000	-	63,333,803	291,035	63,624,838

27. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

The main business segments of the Group comprise the following:

2014	Continuing Operations									Discontinued Operation	
	Investment holding RM	Integrated crane services RM	Fabrication of crane RM	Workover projects lifting solutions RM	Supply, fabrication and servicing industrial equipment and tank systems RM	Consultants in engineering project support services RM	Others RM	Elimination RM	Total RM	Supply of telecommunication and broadcasting system RM	Total operations RM
Other information											
Interest income	4,843	336,376	-	-	23,860	-	-	-	365,079	116,459	481,538
Interest expenses	-	1,469,908	-	-	4,186	1,029,442	-	-	2,503,536	-	2,503,536
Depreciation	26,088	3,366,626	-	-	131,669	48,358	-	-	3,572,741	6,359	3,579,100
Impairment losses on:											
Property, plant and equipment	-	-	-	-	-	3,400,000	-	-	3,400,000	-	3,400,000
Trade receivables	-	347,305	-	-	-	-	-	-	347,305	-	347,305
Goodwill on consolidation	-	-	-	-	-	298,666	-	-	298,666	-	298,666
Work-in-progress written off	-	314,855	-	-	-	-	-	-	314,855	-	314,855

(b) Geographical segments

The Group operates principally in Malaysia.

29. CONTINGENT LIABILITY

COMPANY	2015 RM	2014 RM
Unsecured:		
Corporate guarantee issued for credit facilities granted to subsidiary companies:		
Limit of guarantee	**72,500,000**	86,500,000
Utilised as at reporting date	**45,594,171**	32,698,044

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate, liquidity, credit and foreign exchange risks. The Group and the Company operate within clearly defined guidelines that are approved by the directors and the Group's and the Company's policies are not to engage in speculative transactions. There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks. The policies in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's deposits and borrowings, and is managed through the use of fixed and floating rate debts.

The following table set out the carrying amounts, the weighted average effective interest rates ["WAEIR"] of the Group's and the Company's financial instruments as at the reporting date and the periods in which they reprice or mature, whichever is earlier:

Group	Note	WAEIR (%)	Within 1 year RM	More than 1 year but less than 5 years RM	Total RM
At 31 December 2015					
Financial assets					
Fixed rate					
Fixed deposits with licensed banks	11	**3.30**	**12,147,705**	**-**	**12,147,705**
Floating rate					
Deposits with a fund management corporation	11	**3.15**	**32,067**	**-**	**32,067**

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

	Note	WAEIR	Within 1 year	More than 1 year but less than 5 years	Total
Group		**(%)**	**RM**	**RM**	**RM**
At 31 December 2015					
Financial liabilities					
Fixed rate					
Hire purchase payables	14	**6.88**	**90,691**	**308,128**	**398,819**
Bankers' acceptances	14	**5.37**	**12,702,568**	**-**	**12,702,568**
Term loan I	14	**-**	**-**	**-**	**-**
Term loan II	14	**7.00**	**3,870,671**	**5,392,500**	**9,263,171**
Floating rate					
Bank overdrafts	14	**8.17**	**14,116,928**	**-**	**14,116,928**
At 31 December 2014					
Financial assets					
Fixed rate					
Fixed deposits with licensed banks	11	3.17	11,754,235	-	11,754,235
Floating rate					
Deposits with a fund management corporation	11	2.77	31,087	-	31,087
Financial liabilities					
Fixed rate					
Hire purchase payables	14	6.33	98,194	20,778	118,972
Bankers' acceptances	14	5.22	10,366,650	-	10,366,650
Term loan I	14	6.85	4,424,335	-	4,424,335
Term loan II	14	7.00	3,609,793	9,263,171	12,872,964
Floating rate					
Bank overdrafts	14	8.10	4,988,712	-	4,988,712

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

	Note	WAEIR	Within 1 year	More than 1 year but less than 5 years	Total
Company		**(%)**	**RM**	**RM**	**RM**
At 31 December 2015					
Financial assets					
Floating rate					
Deposit with a fund management corporation	11	**3.15**	**32,067**	**-**	**32,067**
At 31 December 2014					
Financial assets					
Fixed rate					
Deposit with a fund management corporation	11	2.77	31,087	-	31,087

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates on the floating rate financial assets and financial liabilities had been 50 basis points lower/higher, with all other variables held constant, the impact is immaterial to the Group's and the Company's profit net of tax.

The assumed movement in basis points for interest rate sensitivity analysis is based on prudent estimate of the current market environment.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short, medium and long term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserve and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The summary of the maturity profile of the Group's and the Company's financial liabilities as at the reporting date based on contractual undiscounted repayments obligations is as follows:

	Note	Within 1 year	More than 1 year but less than 5 years	Total
Group		RM	RM	RM
At 31 December 2015:				
Trade and other payables	16	**18,498,167**	**-**	**18,498,167**
Loans and borrowings	14	**30,780,858**	**5,700,628**	**36,481,486**
At 31 December 2014:				
Trade and other payables	16	20,245,148	-	20,245,148
Loans and borrowings	14	23,487,684	9,283,949	32,771,633
Company				
At 31 December 2015:				
Trade and other payables	16	**812,073**	**-**	**812,073**
At 31 December 2014:				
Trade and other payables	16	576,145	-	576,145

(c) Credit risk

Credit risk is the risk of financial loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises principally from trade receivables, advances to subsidiary companies and financial guarantee given to financial institutions for credit facilities granted to certain subsidiary companies.

(i) Trade receivables

The Group typically gives the existing customers credit terms that range between 30 days to 60 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure to credit risk for the Group was represented by the carrying amount of each financial asset.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

(i) Trade receivables (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2015 RM	% of total	2014 RM	% of total
By industry sector:				
Integrated crane services	**41,867,772**	80	35,299,260	69
Fabrication of cranes	**4,549,605**	9	6,110,030	12
Workover projects lifting solution	**3,854,364**	7	7,268,498	14
Supply, fabrication and servicing industrial equipment's and tank systems	**1,803,590**	4	2,219,972	4
Supply of telecommunication and broadcasting system	**-**	-	306,555	1
	52,075,331	100	51,204,315	100

(ii) Advances to subsidiary companies

The Company provides unsecured advances to its subsidiary companies and monitors the results of the subsidiary companies regularly. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

At the reporting date, there was no indication that the advances to its subsidiary companies are not recoverable.

(iii) Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiary companies.

The maximum exposure to credit risk is disclosed in Note 29 to the financial statements, representing the outstanding banking facilities of the subsidiary companies as at the reporting date.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group. The Group's trade receivables and trade payables balances at the reporting date have similar exposures. The foreign currencies in which these transactions are denominated are mainly United States Dollar ["USD"], Singapore Dollar ["SGD"], and Australian Dollar ["AUD"].

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes.

Exposure to foreign currency risk

The currency profile of the Group is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Trade and other receivables		
USD	**348,784**	83,817
Cash and cash equivalents		
USD	**13,361**	72,311
SGD	**7,900**	244,566
Trade and other payables		
USD	**555,507**	1,289,584
SGD	**441,042**	350,744
AUD	**31,896**	188,186

Sensitivity analysis for foreign currency risk

The following table demonstrated the sensitivity of the Group's profit net of tax to a reasonably possible change in USD, SGD and AUD exchange rates against the functional currency of the Group, with all other variables held constant. The Group's profit net of tax would increase/decrease, as applicable, by the amounts stated below if the individual foreign currency had strengthened/weakened by the following percentage:

	Change in currency rate	Group	
		2015	**2014**
	%	**RM**	**RM**
USD	5	**9,668**	42,504
SGD	5	**21,657**	3,982
AUD	5	**1,595**	7,057

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and of the Company are categorised as follows:

Financial assets as per statement of financial position

	2015		
	Carrying amount RM	Loans and receivables RM	Fair value through profit or loss RM
Group			
Quoted non - equity investment	**2,977,161**	**-**	**2,977,161**
Trade and other receivables	**52,354,035**	**52,354,035**	**-**
Fixed deposits, cash and bank balances	**20,824,881**	**20,791,578**	**33,303**
	76,156,077	**73,145,613**	**3,010,464**
Company			
Quoted non - equity investment	**2,977,161**	**-**	**2,977,161**
Trade and other receivables	**16,731,621**	**16,731,621**	**-**
Fixed deposits, cash and bank balances	**110,175**	**76,872**	**33,303**
	19,818,957	**16,808,493**	**3,010,464**

	2014		
	Carrying amount RM	Loans and receivables RM	Fair value through profit or loss RM
Group			
Quoted non - equity investment	15,208	-	15,208
Trade and other receivables	51,675,768	51,675,768	-
Fixed deposits, cash and bank balances	19,798,759	19,766,628	32,131
	71,489,735	71,442,396	47,339
Company			
Quoted non - equity investment	15,208	-	15,208
Trade and other receivables	24,442,506	24,442,506	-
Fixed deposits, cash and bank balances	151,539	119,408	32,131
	24,609,253	24,561,914	47,339

31. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities as per statement of financial position

	2015		2014	
	Carrying amount	Other financial liabilities measured at amortised cost	Carrying amount	Other financial liabilities measured at amortised cost
	RM	RM	RM	RM
Group				
Trade and other payables	**18,498,167**	**18,498,167**	20,245,148	20,245,148
Bank overdrafts	**14,116,928**	**14,116,928**	4,988,712	4,988,712
Loan and other borrowings	**22,364,558**	**22,364,558**	27,782,921	27,782,921
	54,979,653	**54,979,653**	53,016,781	53,016,781
Company				
Trade and other payables	**812,073**	**812,073**	576,145	576,145

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and liabilities carried at fair value in the statements of financial position as at 31 December 2015 as follows:

(i) Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 : Input 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).
(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 Level 1, Level 2 and Level 3 during the current year.

The Group and the Company do not have any financial liabilities carried at fair value classified as above as at 31 December 2015.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

Determination of fair value

Quoted non-equity instruments - Fair value is determined by direct reference to their bid price quotation in an active market at the reporting date.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group and Company	Note	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2015:					
Financial assets					
Quoted non- equity investment	10	**2,977,161**	**-**	**-**	**2,977,161**
Placement with money market fund	11	**33,303**	**-**	**-**	**33,303**
At 31 December 2014:					
Financial assets					
Quoted non- equity investment	10	15,208	-	-	15,208
Placement with money market fund	11	32,131	-	-	32,131

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Group	2015		2014	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:				
Term loan (non-current) (Note 14)	**5,392,500**	**4,888,600**	9,263,171	8,409,133

Determination of fair value
The fair value as disclosed in the table above are estimated by discounting present value at market rate for similar type of borrowing arrangement at the end of the reporting period. Market rate is based on estimated rate of 1.5% plus Base Lending Rate.

Valuation processes applied by the Group for Level 3 fair value
The Group has an established control framework in respect to the measurement of fair values of financial instruments. Regularly reviews on the significant unobservable inputs and valuation adjustments were carried out by the finance team and the Chief Executive Officer.

33. CAPITAL MANAGEMENT

The Groups and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities to continue in operation as going concerns so as to provide fair returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group and the Company may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

In the management of capital risk, management takes into consideration the net debt equity ratio as well as the Group's and the Company's working capital requirement. The net debt equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less total income tax payable, deferred tax liabilities and cash and cash equivalents. Total capital comprises share capital and reserves attributable to equity holders of the Group and the Company.

There was no change in the Group's approach to capital management during the financial year.

The Company has no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

	Group	
	2015 **RM**	**2014** **RM**
Net debt	**31,504,579**	37,449,111
Total capital	**112,389,613**	106,912,827
Net debt against equity ratio	**28%**	35%

34. CAPITAL COMMITMENT

	Group	
	2015 **RM**	**2014** **RM**
Approved and but not contracted for:		
Oil rig	**27,561,000**	24,203,000

35. COMPARATIVE FIGURES

Certain comparative figures have been amended or reclassified where necessary to conform with current year's presentation.

36. REALISED AND UNREALISED PROFITS

The breakdown of accumulated losses of the Group and the Company as at 31 December 2015, into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	**58,169,208**	58,798,727	**972,552**	(1,419,327)
- Unrealised	**(4,075,299)**	(2,804,254)	**109,506**	533,515
	54,093,909	55,994,473	**1,082,058**	(885,812)
Less: Consolidation adjustments	**(24,393,753)**	(31,771,103)	**-**	-
Total retained profits/(accumulated losses) as at 31 December	**29,700,156**	24,223,370	**1,082,058**	(885,812)

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

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2016

Authorised Share Capital	:	RM250,000,000
Issued and Fully Paid-up Capital	:	RM80,000,000
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

Analysis by Size of Shareholdings as at 31 March 2016

Size of Shareholdings	Shareholders	%	Shareholdings	%
Less than 100	209	9.25	8,398	0.01
100 - 1,000	146	6.46	91,769	0.06
1,001 - 10,000	903	39.96	5,663,757	3.54
10,001 - 100,000	871	38.54	27,380,436	17.11
100,001 to less than 5% of issued shares	129	5.71	95,274,553	59.54
5% and above of issued shares	2	0.09	31,581,087	19.74
TOTAL	**2,260**	**100.00**	**160,000,000**	**100.00**

List of Directors' Shareholdings as at 31 March 2016

No.	Name	No. of Shares	%
1	DATO' MOHSIN ABDUL HALIM *4,000,000 shares held through own name* *21,288,887 shares held through RHB Nominees (Tempatan) Sdn Bhd*	25,288,887	15.81
2	MALLEK RIZAL BIN MOHSIN *7,552,696 shares held through Cimsec Nominees (Tempatan) Sdn Bhd*	7,552,696	4.72
3.	JOEL EMANUEL HEANEY *10,292,200 shares held through own name*	10,292,200	6.43
4	ZAHARI BIN HAMZAH *5,123,833 shares held through own name* *7,333,333 shares held through Citigroup Nominees (Tempatan) Sdn Bhd* *338,300 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd* *2,500,000 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd*	15,295,466	9.56
5	MUHAMMAD 'ASRI BIN MOHD RAFA'I	0	0.00
6	CHAU SIK CHEONG	0	0.00
7	LOKMAN RAZANI BIN ABDUL RAZAK *134,166 shares held through own name*	134,166	0.08
	TOTAL	**58,563,415**	**36.60**

Notes: *1. Total Paid-Up Capital as at 31.03.2016* *160,000,000*

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2016

List of Thirty Largest Shareholders as at 31 March 2016

No.	Name	No. of Shares	%
1	RHB NOMINEES (TEMPATAN) SDN BHD MOHSIN ABDUL HALIM	21,288,887	13.31
2	HEANEY JOEL EMANUEL	10,292,200	6.43
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN CHEU LEONG	7,995,000	5.00
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	7,985,733	4.99
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MALLEK RIZAL BIN MOHSIN (PB)	7,552,696	4.72
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAHARI BIN HAMZAH (001565267)	7,333,333	4.58
7	SEOW VOON PING	6,200,000	3.88
8	DAVID LEE BAIR EN	5,888,300	3.68
9	ZAHARI BIN HAMZAH	5,123,833	3.20
10	MOHSIN ABDUL HALIM	4,000,000	2.50
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SIVA KUMAR A/L M JEYAPALAN (PBCL-OG0015)	3,000,000	1.88
12	LD REKA SDN. BHD.	2,962,806	1.85
13	J B PROPERTIES SDN BHD	2,946,750	1.84
14	HOW CHENG KONG	2,752,600	1.72
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAHARI BIN HAMZAH (6000035)	2,500,000	1.56
16	LIM SENG CHEE	1,547,000	0.97

List of Thirty Largest Shareholders as at 31 March 2016 (continued)

No.	Name	No. of Shares	%
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SEOW VOON PING (PB)	1,455,200	0.91
18	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	1,121,649	0.70
19	ENG NAM HENG	1,110,000	0.69
20	CHIN PHOY HOY	796,900	0.50
21	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AH CHIEW	721,586	0.45
22	TAN GIM HOE	636,000	0.40
23	NOORAIHAN BINTI MOHD RADZUAN	625,683	0.39
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM AH KOW (M07)	544,500	0.34
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN BHD (M0015)	533,333	0.33
26	MOHD RADZUAN BIN AB HALIM	446,816	0.28
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TENG CHAI (E-TMR/BBM)	445,916	0.28
28	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN	397,700	0.25
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SHAHRIL BIN SHAMSUDDIN (PB)	364,443	0.23
30	POK SWEE HEONG	358,800	0.22

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2016

List of Substantial Shareholders as at 31 March 2016

No.	Name	No. of Shares	%
1	DATO' MOHSIN ABDUL HALIM *4,000,000 shares held through own name* *21,288,887 shares held through RHB Nominees (Tempatan) Sdn Bhd*	25,288,887	15.81
2	ZAHARI BIN HAMZAH *5,123,833 shares held through own name* *7,333,333 shares held through Citigroup Nominees (Tempatan) Sdn Bhd* *338,300 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd* *2,500,000 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd*	15,295,466	9.56
3	JOEL EMANUEL HEANEY *10,292,200 shares held through own name*	10,292,200	6.43
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Chan Cheu Leong*	7,995,000	5.00
	TOTAL	**58,871,553**	**36.79**

Total Paid-Up as at 31.03.2016	*160,000,000*

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Lot PT 7358, Kawasan Perindustrian Teluk Kalong, Mukim Teluk Kalong, 24007 Kemaman, Terengganu Darul Iman on Wednesday, 25 May 2016 at 10 a.m. to transact the following business:

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon. **[Please refer Explanatory Notes]**

2. To re-elect Mr. Joel Emanuel Heaney who retires by rotation pursuant to Article 63 of the Company's Articles of Association. **(Resolution 1)**

3. To re-elect En. Muhammad 'Asri Bin Mohd Rafa'i who retires by rotation pursuant to Article 63 of the Company's Articles of Association. **(Resolution 2)**

4. To re-elect Dato' Mohsin Abdul Halim who retires as Director of the Company pursuant to Section 129 of the Companies Act, 1965 and to hold office until the next Annual General Meeting. **(Resolution 3)**

5. To approve the payment of Directors' fees. **(Resolution 4)**

6. To re-appoint Messrs Folks DFK & Co as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors. **(Resolution 5)**

AS SPECIAL BUSINESS:-

To consider and if thought fit, to pass, with or without modifications the following Ordinary Resolutions:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 6) [Please refer Explanatory Notes]**

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **PROPOSED AUTHORITY FOR PURCHASE OF ITS OWN ORDINARY SHARES ("Proposed Share Buy-Back")** **(Resolution 7) [Please refer Explanatory Notes]**

"THAT subject always to the provisions of the Companies Act 1965 ("the Act"), the Company's Articles of Association, Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and any other relevant authority, the Company be and is hereby authorized to purchase such number of ordinary shares of RM0.50 each in the Company, as may be determined by the Directors from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:-

I. the aggregate number of ordinary shares to be purchased shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company provided that the Company continues to maintain a shareholding spread that is in compliance with the requirements of the Bursa Securities Listing Requirements after the share purchase;

II. the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase;

III. the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends;

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalize to give full effect to the Proposed Share Buy-Back.

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Renewal of Shareholders' Mandate")** **(Resolution 8) [Please refer Explanatory Notes]**

"THAT approval be and is hereby given to the Company's subsidiary, Handal Offshore Services Sdn. Bhd. ("HOSSB") to enter into recurrent related party transactions of a revenue and trading nature and to give effect to the specific recurrent related party transactions with the related party Excell Crane & Hydraulics Inc, as set out in Section 2.2.2 of the Circular to Shareholders dated 28th April 2016, which are necessary for the day to day operations of HOSSB, provided that the transactions are undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which were not more favourable to the related party than those generally available to the public and were not detrimental to the minority shareholders of the Company; and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year;

AND THAT such approval shall continue to be in force until:

a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or

b) the expiration of the period within the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier,

AND FURTHER THAT the Directors of the Company be authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

PAULINE LYE YOKE YING (MAICSA 0798723)
LEONG OI WAH (MAICSA 7023802)
Secretaries

Kuala Lumpur
28 April 2016

Notes:

(1) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(2) A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Act shall not apply.

(3) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.

(4) To be valid, this form, duly completed must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(5) Where a member of the company is an exempt authorised nominee as defined under the Depositories Act which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

(6) Depositors who appear in the Record of Depositors as at 18 May 2016 shall be regarded as Members of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes :

To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 ("the Act") does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

Resolution 6

Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

Ordinary Resolution No. 6 is proposed for the purpose of granting a general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding future investment, working capital and/or acquisitions.

The General Mandate is a renewal and was not utilized earlier.

Resolution 7

Please refer to the Circular on the Proposed Share Buy-Back dated 28 April 2016 for further information.

Resolution 8

Please refer to the Circular on the Proposed Renewal of Shareholders' Mandate dated 28 April 2016 for further information.

HANDAL

Handal Resources Berhad
(816839-X)

PROXY FORM

Number of Shares Held	
CDS Account No.	

"A" I/We ____________________ NRIC/Co. No.
(FULL NAME IN BLOCK LETTERS)
____________________ of ____________________
____
(FULL ADDRESS)
Tel No. ____________________ being a Member of HANDAL RESOURCES BERHAD, hereby appoint ____________________
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
____________________ NRIC No.
____________________ of ____________________
(FULL ADDRESS)
____

or failing him, ____________________
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
NRIC No. ____________________ of ____________________
____
(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our "first proxy to attend and vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Lot PT 7358, Kawasan Perindustrian Teluk Kalong, Mukim Teluk Kalong, 24007 Kemaman, Terengganu Darul Iman, on Wednesday, 25 May 2016 at 10.00 a.m. or any adjournment thereof.

Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

"B" I/We ____________________ NRIC/Co. No.
(FULL NAME IN BLOCK LETTERS)
____________________ of ____________________
____
(FULL ADDRESS)
Tel No. ____________________ being a Member of HANDAL RESOURCES BERHAD, hereby appoint ____________________
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
____________________ NRIC No.
____________________ of ____________________
(FULL ADDRESS)
____

or failing him, ____________________
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
NRIC No. ____________________ of ____________________
____
(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our "second proxy to attend and vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Lot PT 7358, Kawasan Perindustrian Teluk Kalong, Mukim Teluk Kalong, 24007 Kemaman, Terengganu Darul Iman, on Wednesday, 25 May 2016 at 10.00 a.m. or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A"	%
Second Proxy "B"	%
	100%

In case of a vote taken by a show of hands, "First Proxy "A"/*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resoultion 8		

Signed this ____________ day of ____________ 2016

____
Signature of Shareholder/Common Seal

* Delete if inapplicable

Notes:-

(1) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(2) A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Act shall not apply.

(3) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.

(4) To be valid, this form, duly completed must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(5) Where a member of the company is an exempt authorised nominee as defined under the Depositories Act which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

(6) Depositors who appear in the Record of Depositors as at 18 May 2016 shall be regarded as Members of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Please Fold here

STAMP

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Please Fold here

www.handalresources.com

HANDAL RESOURCES BERHAD (816839-X)

CORPORATE OFFICE

No. 16C, Jalan 51A/225, 46100 Petaling Jaya,
Selangor, Malaysia.
Tel : +603-78750150 / 0139
Fax : +603-78766394
Email : info@handalresources.com

OPERATIONAL OFFICE

Yard 1:
Lot PT 7358, Kawasan Perindustrian Telok Kalong,
24007 Kemaman, Terengganu, Malaysia.
Tel : +609 - 860 2000
Fax : +609 - 860 2199

Yard 2:
4, Kawasan Lapang Fasa II, Kemaman Supply Base,
24007 Kemaman, Terengganu, Malaysia.
Tel : +609 - 863 2842
Fax : +609 - 863 2843